EMBARGOED UNTIL JANUARY 24, 2017

Virgin Hotels Takes on New Orleans
The new lifestyle hotel is slated to break ground in April 2017

Miami, FL (January 24, 2017) —Virgin Hotels, the lifestyle hotel brand by Virgin Group founder Sir Richard Branson, has announced plans to open and operate a new hotel in the Warehouse District of New Orleans. Expected to break ground in April 2017 and open its doors in early 2019, Virgin Hotels New Orleans will be developed by Dallas-based Gatehouse Capital.

Raul Leal, CEO of Virgin Hotels, commented, "New Orleans is an incredibly special city and one Virgin Hotels has had an eye on from the beginning. The history, the food, the music, the spirit - they all work together to make it a one-of-a-kind destination for both business and leisure travelers. We're excited to bring the Virgin experience to the Big Easy because it's a perfect fit in terms of our values and our emphasis on creating unique and immersive experiences for our guests."

Virgin Hotels New Orleans is situated in the city's Warehouse District at 550 Baronne Street. The up-and-coming area sits directly next to the Central Business District and is home to a growing number of new restaurants, galleries and shops. The new-build hotel will feature 225 chambers, the brand's flagship space, The Commons Club, a rooftop pool and lounge, gym, and dedicated meeting and event spaces.

Gatehouse Capital has chosen RTKL Architects, Mathes Brierre Architects, and Broadmoor Construction to complete the hotel. Virgin Hotels' Vice President of Design Teddy Mayer has also tapped a local design firm to bring an authentic New Orleans flair to the project.

"Gatehouse Capital, whom we are currently working with to develop our Virgin Hotels Dallas property, is an outstanding example of a partner that understands the Virgin vision and can help bring it to life," said Leal.

Adds Marty Collins, CEO of Gatehouse Capital: "This is the second Virgin Hotel development within our lifestyle platform; and we hope to announce others in the very near future. We look forward to being an even more significant part of Virgin Hotel's brand expansion."

Virgin Hotels Chicago is now open and accepting reservations at virginhotels.com, with Nashville, Dallas, Palm Springs, New York, Silicon Valley and others to follow. Virgin Hotels continues to explore hotel and office conversions as well as ground-up development in cities

such as Boston, Los Angeles, Miami, Austin, Seattle, San Francisco, Washington DC, and London.

About Virgin Hotels:

Virgin Hotels is a lifestyle hospitality brand that combines heartfelt service, straightforward value and a seamless, personalized hotel experience with the track record of innovation and smart disruption that Sir Richard Branson's global Virgin Group has pioneered for over 40 years. Each property will intermix a passion for food and beverage with music and culture, fusing with the local landscape and providing a vibrant and inclusive environment for travelers and locals alike. For more information, please visit www.virginhotels.com.

About Gatehouse Capital:

Founded in 1997, Gatehouse Capital is a national real estate investment and development firm that has launched major mixed-use lifestyle developments such as the W Hollywood Hotel and Residences, W Dallas Victory Hotel and Residences, as well as hotels among the Hilton, Marriott and Starwood brands totaling more than $1 billion in development. Gatehouse Capital has a reputation for elevating brands and creating hospitality projects that resonate with their guests and their communities. By partnering with industry leaders and visionaries, Gatehouse continually validates its core mission: to deliver extraordinary projects in every sense, beginning with economic return. More information is available at gatehousecapital.com.

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NKF CAPITAL MARKETS

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EXECUTIVE SUMMARY

THE OFFERING

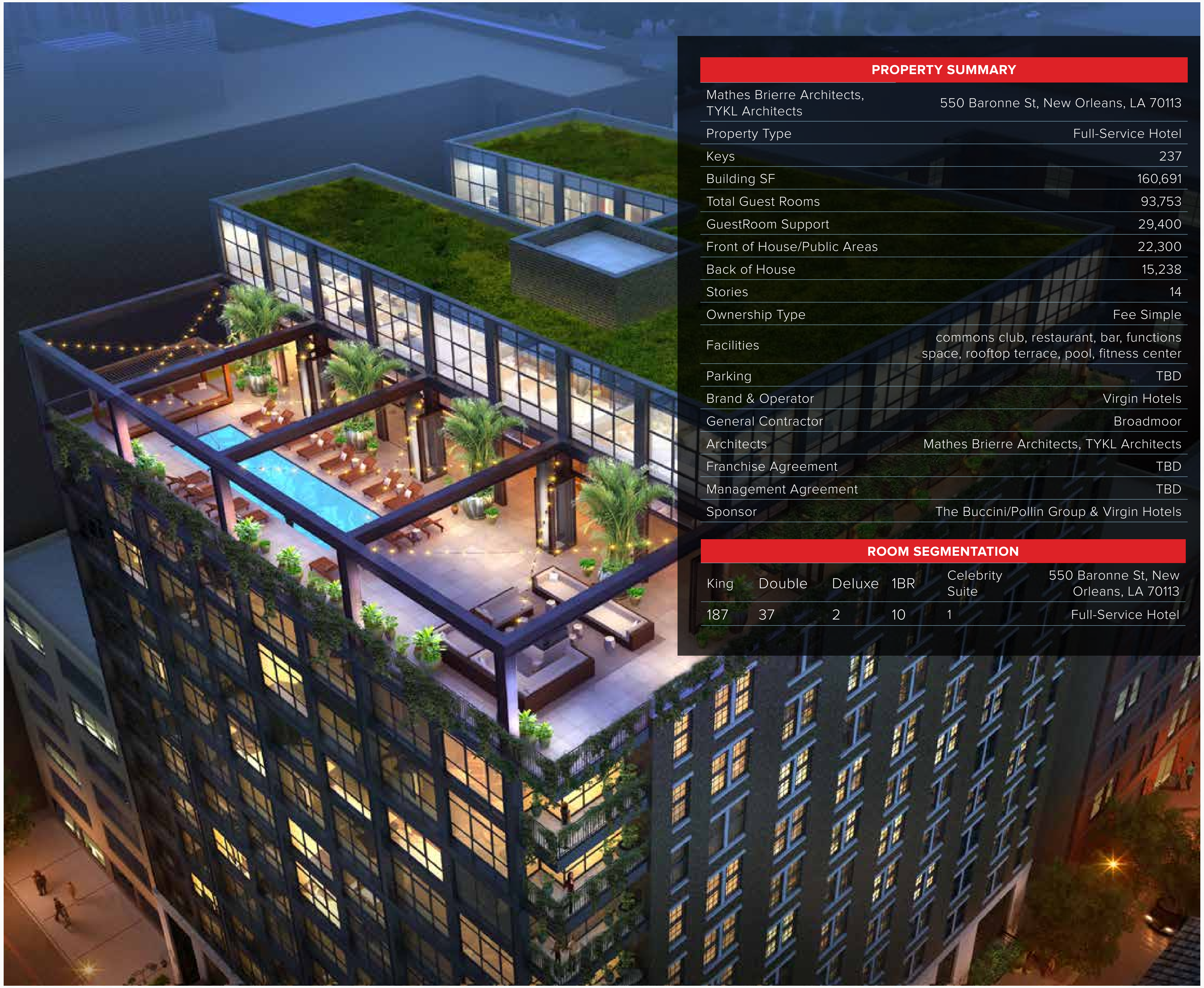
NKF Capital Markets is engaged as exclusive agent to the Joint Venture of Buccini/Pollin Group, LLC ("BPG") and Virgin Hotel Group ("Virgin") (collectively the "Sponsors") to arrange financing for the construction of the Virgin Hotel New Orleans – a proposed 237-key hotel. The Hotel is located at 550 Baronne St, New Orleans, LA 70113 on a 13,000 SF site in the warehouse District of New Orleans, currently home to a parking lot.

The Sponsor is seeking $65.0 million ($274,262 per key) of financing (the "Loan") to be used along with $22.9 million ($96,663 per Key) of Borrower Equity to fund hard costs and soft costs, FF&E, closing costs and fund any other costs related to the development of the Property. The total sources of funding will be approximately $87.9 million ($370,925 per key), which equates to a 74% LTC. The Sponsor is seeking non-recourse financing that includes an interest-only component and maximum prepayment flexibility.

The Property will be located at the corner of Baronne and Lafayette Streets and is a uniquely attractive location in the heart of an authentic, historic neighborhood. The Property is within close proximity to numerous local attractions and demand generators, including the Central Business District, The New Orleans Morial Convention Center, the Superdome and the French Quarter.

The Buccini/Pollin Group, Inc. is a privately-held, full-service real estate acquisition, development and management company who develops and acquires hotel, office, residential, retail and parking properties. On behalf of its principals, investors and financial partners, Buccini/Pollin has acquired or developed real estate assets having a value in excess of $4.0 billion, including 36 hotels, 6 million square feet of office and retail space, 10 major residential communities, and multiple entertainment venues, including PPL Park, home of the Philadelphia Union Major League Soccer team.

Virgin Hotels, controlled by and majority owned by Virgin Group, was launched in 2010 by a team of experienced leaders with strong records in profitable hotel operations, world-class design, brand development, and innovation. Today, the company focuses on pursuing renovation and new development projects in all major US cities and select European cities including London. In January 2015, Virgin Hotels opened its first location, Virgin Hotels Chicago and it currently has multiple projects under development in 9 different cities across the United States and 1 in Edinburg, UK. All 10 locations are projected to open within the next five years.



PROPERTY SUMMARY

Mathes Brierre Architects, TYKL Architects	550 Baronne St, New Orleans, LA 70113
Property Type	Full-Service Hotel
Keys	237
Building SF	160,691
Total Guest Rooms	93,753
GuestRoom Support	29,400
Front of House/Public Areas	22,300
Back of House	15,238
Stories	14
Ownership Type	Fee Simple
Facilities	commons club, restaurant, bar, functions space, rooftop terrace, pool, fitness center
Parking	TBD
Brand & Operator	Virgin Hotels
General Contractor	Broadmoor
Architects	Mathes Brierre Architects, TYKL Architects
Franchise Agreement	TBD
Management Agreement	TBD
Sponsor	The Buccini/Pollin Group & Virgin Hotels

ROOM SEGMENTATION

King	Double	Deluxe	1BR	Celebrity Suite	550 Baronne St, New Orleans, LA 70113
187	37	2	10	1	Full-Service Hotel

LOAN REQUEST

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The Sponsor is seeking $65.0 million ($274,262 per key) of financing (the "Loan") to be used along with $22.9 million ($96,663 per Key) of Borrower Equity to fund hard costs and soft costs, FF&E, closing costs and fund any other costs related to the development of the Property. The total sources of funding will be approximately $87.9 million ($370,925 per key), which equates to a 74% LTC. The Sponsor is seeking non-recourse financing that includes an interest-only component and maximum prepayment flexibility. in excess of $4.0 billion, including 36 hotels, 6 million square feet of office and retail space, 10 major residential communities, and multiple entertainment venues, including PPL Park, home of the Philadelphia Union Major League Soccer team.

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SOURCES AND USES			
	AMOUNT	PER KEY	% OF TOTAL
Sources			
Loan Proceeds	$65,000,000	$274,262	74%
Equity	22,909,191	96,663	26%
Total Sources	**$87,909,191**	**$370,925**	**100%**
Uses			
Hard Costs	$52,150,000	$220,042	59%
Soft Costs	13,795,745	58,210	16%
Contingency	4,402,900	18,578	5%
FF&E	8,793,500	37,103	10%
Closing Costs	8,692,046	36,675	10%
Interest/Carry Reserve	75,000	316	0%
Total Uses	**$87,909,191**	**$370,925**	**100%**

LOAN ANALYSIS	
Loan	$65,000,000
LTC	74%
Term	5 Years
Loan Type	Floating
Lockout/Prepayment	Maximum Flexibility Desired
Amortization	Interest-Only
Recourse	Non-Recourse
Sponsor	The Buccini/Pollin Group & Virgin Hotels

INVESTMENT HIGHLIGHTS

NEW CLASS A ASSET

Sponsorship's business plan is to develop the 13,000 SF site into a 237-room hotel. The completed project will include 14 stories and 10 floors of rooms, along with a list of amenities including, The Commons Club, flexible meeting rooms, an oversized fitness area, and a rooftop amenity with a swimming pool, pool deck, bar, café, and flexible space. The Project is budgeted to total just under $88 Million for the development of the Property. $3.5 million of the costs will go towards the purchase of the land, while the remaining $84.4 million will go towards hard costs, architecture and engineering, FF&E, and various financing and development fees.

SIMILAR SPONSORSHIP PROJECTS

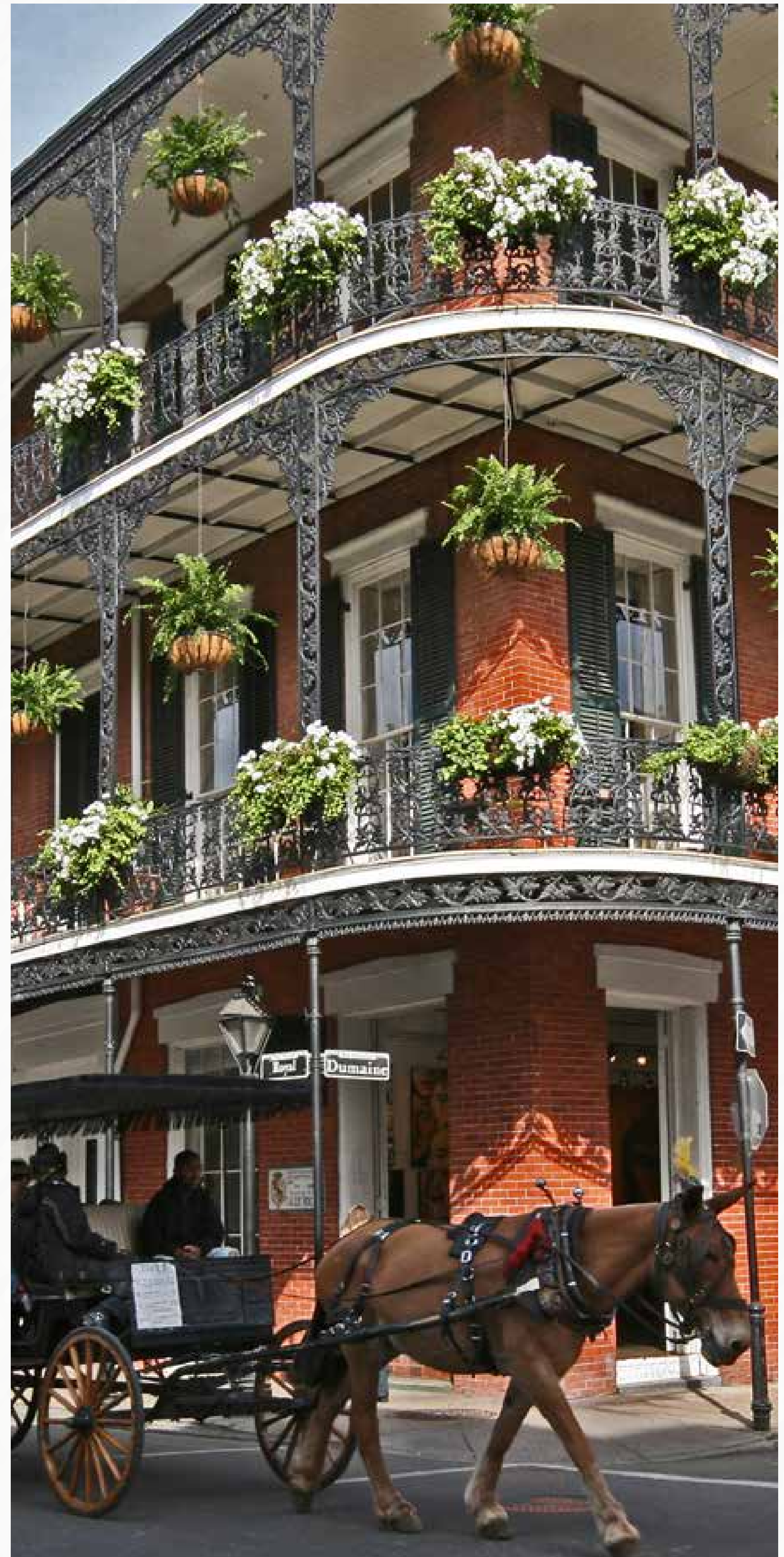
The Sponsor is in the process of completing a similar Virgin Hotel located in Nashville, TN. The development is currently underway and will provide 240 rooms, including a Grand Chambers Suites, and multiple dining and drinking outlets such as the brand's signature Commons Club. The property will be located in the heart of Nashville and is projected to open in 2019. The property is backed by Simmons Bank with a Loan- to-Cost of 45% at Libor + 385 and will have a 30% repayment guarantee.

LOCATION

The Hotel is located in the heart of New Orleans, within the historic Warehouse/Arts District. The site is within close proximity to the city's major tourist/entertainment precincts in New Orleans: the French Quarter, the Superdome, The New Orleans Morial Convention Center, and the Riverfront. The Hotel is also one block from the St. Charles Avenue Streetcar line, the new Ace Hotel, and the new "South Market District", which consists of 700 new luxury apartments, condos, and numerous restaurants, bars, and live entertainment.

STRONG BRAND

The hotels' Parent company, Virgin Group, is recognized around the world and consistently ranks as a cool and innovative brand. Its businesses have over 50 million global customers and operates in a variety of business sectors including entertainment, health and wellness, financial services, philanthropic, telecom and technology and space & airline travel. Virgin Group has global revenues of over $25.0 billion.



VIRGIN HOTEL | NEW ORLEANS

STRONG BRAND

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EXPERIENCED SPONSORSHIP

The Buccini/Pollin Group, Inc. is a privately-held, full-service real estate acquisition, development and management company who develops and acquires hotel, office, residential, retail and parking properties. On behalf of its principals, investors and financial partners, Buccini/Pollin has acquired or developed real estate assets having a value in excess of $4.0 billion, including 36 hotels, 6 million square feet of office and retail space, 10 major residential communities, and multiple entertainment venues, including PPL Park, home of the Philadelphia Union Major League Soccer team. BPG is the largest commercial office landlord in Wilmington with over $1 billion invested. BPG's portfolio in the city includes over 2.8 million square feet of office space, 852 hotel rooms, 102K square feet of retail space and 1,128 multi-family units with 922 more in development.

Virgin Hotels, with offices in Miami, Fl and New York, NY, was launched by a team of experienced leaders with strong records in profitable hotel operations, world-class design, brand development, and innovation in 2010. Today, the company focuses on pursuing renovation and new development projects in all major US cities and select European cities including London. In January 2015, Virgin Hotels opened its first location, Virgin Hotels Chicago. There are currently projects under development for Virgin Hotels to open in 9 different cities across the United States and 1 in Edinburg, UK. All 10 locations are projected to open within the next five years.

STRONG MARKET/NEW SUPPLY

The New Orleans hotel market is likely to see more than 2,068 rooms become available between 2018 and 2020. There are currently 3 properties under construction/recently opened, 9 are in the final planning stage, and 3 are in the early planning stages. Occupancy in New Orleans increased by 2.2% in 2017, while ADR increased by 1.7%. The New Orleans CBD market has averaged high single digit RevPAR growth over the last 5 years, and over the next 2 years it is expected that 1,080 rooms will be added to this submarket. In addition, the Warehouse District has seen a recent bolstering in evening activities, contributing to a more 24/7 atmosphere. Significant unaccommodated demand exists in the CBD market, and the amount of room for new supply in the market is indicative of the limited inventory and high regulatory barriers. These barriers help to limit supply during a time of substantial growth in demand. Upscale hotels, particularly those that are lifestyle-oriented, are expected to dominate the new supply pipeline in the CBD submarket over the next 5 years.

Virgin HOTELS NEW ORLEANS

PROPERTY OVERVIEW

PROPERTY OVERVIEW

COLLATERAL DESCRIPTION

The Property, located at the corner of Baronne and Lafayette Streets, is in the Warehouse/Arts District of New Orleans, one block from Poydras Street. The Virgin Hotel New Orleans is planned to be 14 stories and will include 237 rooms located on a 13,000 SF site. The hotels amenities include full service restaurants and bars, conference and meeting space, fitness facilities, a rooftop with panoramic views, a large pool deck and swimming pool, and many other amenities. The project will also feature a Commons Club on the first floor which includes different zones such as the Funny Library, bar, kitchen, and Shag Room. Back of house space, guest and service elevators, and a loading dock are also included on the first floor. The second floor consists of meeting space including the 2,500 square foot "manor" meeting room, along with pre-function space and three smaller meeting rooms, totaling 6,000 net square feet. The third floor houses the first floor of guestrooms and an oversized fitness area overlooking Baronne Street. Each typical floor (floors 4 to 12) is approximately 12,000 square feet. Level 13 is a rooftop amenity level with the swimming pool, large pool deck, bar, café, and flexible public/private spaces. The development site is adjacent to the New Orleans CBD, within the highly coveted and historic Warehouse/Arts District. The hotel is within blocks of the major tourist/entertainment precincts in New Orleans. All entitlements are in place, and construction for the project is expected to commence by Q4 2018.

AMENITIES

Exclusive Unit Amenities

- Exclusive Unit Amenities
- Each room evolves into two chambers with a sliding privacy door
- Thoughtful shower design
- Service delivery

Common Area Amenities

- Full service restaurants and bars
- Conference and meeting space totaling 6,000 net SF
- Oversized fitness area overlooking Bayonne Street
- Rooftop with panoramic views
- Large pool deck and swimming pool with unobstructed views

DEVELOPMENT PLAN

The Property is located at the corner of Baronne and Lafayette Streets, one block from Poydras Street. **Sponsorship's business plan is to develop the 13,000 SF site into a 237-room hotel.** The completed project will include 14 stories and 10 floors of rooms, along with a list of amenities including, The Commons Club, flexible meeting rooms, an oversized fitness area, and a rooftop amenity with a swimming pool, pool deck, bar, café, and flexible space. The Project is budgeted to total just under $88 Million for the development of the Property. $3.5 million of the costs will go towards the purchase of the land, while the remaining $84.4 million will go towards hard costs, architecture and engineering, FF&E, and various financing and development fees.

PROJECT TIMELINE				
PROJECT SUMMARY	AMOUNT	PER ROOM	PSF	% OF TOTAL
Land Price	$3,500,000	$14,768	$22	4.0%
Hard Cost Construction	$48,650,000	$205,274	$303	55.3%
FF&E	$8,793,500	$37,103	$55	10.0%
Information Technology	$2,000,000	$8,439	$12	2.3%
Technical Services	$237,000	$1,000	$1	0.3%
Construction Management / Admin	$1,000,000	$4,219	$6	1.1%
Design / MEP / Structural	$3,758,745	$15,860	$23	4.3%
Due Diligence	$75,000	$316	$0	0.1%
Real Estate Taxes during Construction	$75,000	$316	$0	0.1%
Permits & Municipal Fees	$475,000	$2,004	$3	0.5%
Administrative & General	$125,000	$527	$1	0.1%
Legal Costs	$450,000	$1,899	$3	0.5%
Closing Costs	$300,000	$1,266	$2	0.3%
Franchise Costs	$0	$0	$0	0.0%
Financing Expenses	$8,017,046	$33,827	$50	9.1%
Working Capital	$300,000	$1,266	$2	0.3%
Insurance	$450,000	$1,899	$3	0.5%
Pre-Opening	$3,000,000	$12,658	$19	3.4%
Development Overhead Recovery	$2,300,000	$9,705	$14	2.6%
Hard Cost Contingency	$3,566,610	$15,049	$22	4.1%
Soft Cost Contingency	$836,290	$3,529	$5	1.0%
Total	$87,909,191	$370,925	$547	100.0%

VIRGIN HOTEL | NEW ORLEANS

To summarize, the development includes the following highlights:

- The newly developed building with 14 stories with stories 3-12 featuring 237 residential units
- The Property will feature a Common Club on the first floor
- The Property will feature 6,000 net sf of flexible meeting space on the second floor
- The Project will include an oversized fitness area overlooking Baronne Street on the third floor
- The thirteenth floor is a rooftop amenity with a swimming pool
- Construction for the project is expected to commence by Q4 2018 and is expected to last 24 months.

VIRGIN HOTEL | NEW ORLEANS

CASH FLOWS

	12/31/21 YEAR 3			12/31/22 YEAR 4			12/31/23 YEAR 5		
Rooms Available	86,505			86,505			86,505		
Rooms Sold	56,545			62,076			66,379		
ADR	$250.04			$273.64			$301.75		
Occ %	65.4%			71.8%			76.7%		
RevPAR	$163.44			$196.37			$231.54		
REVENUE	**Amount**	**$ POR**	**Margin**	**Amount**	**$ POR**	**Margin**	**Amount**	**$ POR**	**Margin**
Rooms	14,138,709	250.04	62.4%	16,986,717	273.64	63.9%	20,029,565	301.75	65.5%
Total F&B	7,896,522	139.65	34.9%	8,888,734	143.19	33.4%	9,748,261	146.86	31.9%
Parking (2)	312,671	5.53	1.4%	357,560	5.76	1.3%	398,273	6.00	1.3%
Miscellaneous Income	299,643	5.30	1.3%	342,662	5.52	1.3%	381,678	5.75	1.2%
Total Revenue	**$22,647,543**	**$400.52**	**100.0%**	**$26,575,673**	**$428.11**	**100.0%**	**$30,557,777**	**$460.35**	**100.0%**
DEPT. EXPENSES									
Rooms	3,443,574	60.90	24.4%	3,757,402	60.53	22.1%	4,027,377	60.67	20.1%
Total F&B	5,684,988	100.54	72.0%	6,355,888	102.39	71.5%	6,922,094	104.28	71.0%
Parking [2]	293,251	5.19	93.8%	328,509	5.29	91.9%	358,445	5.40	90.0%
Miscellaneous Income	230,799	4.08	77.0%	258,548	4.17	75.5%	282,110	4.25	73.9%
Total Departmental Expenses	**$9,652,612**	**$170.71**	**42.6%**	**$10,700,347**	**$172.37**	**40.3%**	**$11,590,027**	**$174.60**	**37.9%**
DEPARTMENTAL PROFIT									
Rooms	10,695,135	189.14	75.6%	13,229,315	213.11	77.9%	16,002,188	241.07	79.9%
Total F&B	2,211,534	39.11	28.0%	2,532,845	40.80	28.5%	2,826,166	42.58	29.0%
Parking [2]	19,420	0.34	6.2%	29,052	0.47	8.1%	39,827	0.60	10.0%
Miscellaneous Income	68,843	1.22	23.0%	84,114	1.36	24.5%	99,568	1.50	26.1%
Total Departmental Profit	**$12,994,932**	**$229.82**	**57.4%**	**$15,875,326**	**$255.74**	**59.7%**	**$18,967,750**	**$285.75**	**62.1%**
UNDISTRIBUTED EXPENSES									
Administrative & General	1,648,368	29.15	7.3%	1,699,348	27.38	6.4%	1,751,906	26.39	5.7%
Credit Card Commissions	622,807	11.01	2.75%	730,831	11.77	2.75%	840,339	12.66	2.75%
Information Technology	752,059	13.30	3.3%	767,407	12.36	2.9%	783,068	11.80	2.6%
Sales and Marketing [3]	1,673,013	29.59	7.4%	1,415,477	22.80	5.3%	1,459,255	21.98	4.8%
Marketing Fee	169,857	3.00	0.75%	199,318	3.21	0.75%	229,183	3.45	0.75%
Property Operations & Maint.	538,896	9.53	2.4%	549,894	8.86	2.1%	561,117	8.45	1.8%
Utilities	598,275	10.58	2.6%	610,485	9.83	2.3%	622,944	9.38	2.0%
Total Undistributed Expenses	**$6,003,275**	**$106.17**	**26.5%**	**$5,972,760**	**$96.22**	**22.5%**	**$6,247,811**	**$94.12**	**20.4%**
Gross Operating Profit	6,991,656	123.65	30.9%	9,902,566	159.52	37.3%	12,719,939	191.63	41.6%
Hotel Management Fees	**$679,426**	**$12.02**	**3.0%**	**$797,270**	**$12.84**	**3.0%**	**$916,733**	**$13.81**	**3.0%**
License Fee	226,475	4.01	1.0%	265,757	4.28	1.0%	305,578	4.60	1.0%
Income Before Fixed Expenses	6,085,755	107.63	26.9%	8,839,539	142.40	33.3%	11,497,627	173.21	37.6%
Adjusted Gross Operating Profit [4]	**$4,409,804**	**$77.99**	**19.5%**	**$6,738,269**	**$108.55**	**25.4%**	**$8,898,316**	**$134.05**	**29.1%**
FIXED EXPENSES									
RE Taxes [5]	911,000	3,844	4.0%	985,000	4,156	3.7%	1,049,000	4,426	3.4%
Insurance	312,000	1,316	1.4%	319,000	1,346	1.2%	328,000	1,384	1.1%
EBITDA	**$4,862,755**		**21.5%**	**$7,535,539**		**28.4%**	**$10,120,627**		**33.1%**
FFE Reserve	452,951	8.01	2.0%	797,270	12.84	3.0%	1,222,311	18.41	4.0%
Net Operating Income (NOI)	**$4,409,804**	**$77.99**	**19.5%**	**$6,738,269**	**$108.55**	**25.4%**	**$8,898,316**	**$134.05**	**29.1%**
Incentive Management Fee [6]	-	-	-	-	-	-	41,853	0.63	0.1%
Adjusted NOI	4,409,804	77.99	19.5%	6,738,269	108.55	25.4%	8,856,464	133.42	29.0%
Debt Yield	**6.8%**			**10.4%**			**13.6%**		

NOTES:
(1) Rooftop Terrace assumes 1,657 SF of indoor Rooftop Lounge Space, 1,282 SF of Pool Bar & Grill, 727 SF of outdoor Terrace Space, and 3,010 SF of outdoor pool deck space
(2) Currently assumes 15% usage by guests with $40 per day valet parking rates and third-party management; pending further parking analysis
(3) Assumes Year 1 expense of $300,000 for grand opening party

MARKET OVERVIEW

NEW ORLEANS

New Orleans, Louisiana is a major U.S. port and is the largest city and metropolitan area in the state of Louisiana. The state has a progressive business climate which has been the biggest factor in encouraging new industries and people. While New Orleans is primarily known as a tourist destination, the economy has diversified in recent years to incorporate a growing healthcare sector. Given its central location, New Orleans has been among the most favored tourist destinations for many years. Over the past twenty years specifically, the tourism industry in New Orleans region has more than doubled. Two of the largest components of visitors are convention business and the gaming industry. The Ernest M. Morial Convention Center, one of the five largest centers in the U.S., generates great tourism growth and revenue. New Orleans also features four casinos, employing over 6,000 workers locally in the half a billion dollar plus industry. In 2016, visitors spent $7.41 billion dollars, and 12% of visitors had a household income of over $200,000. Another major attraction is the French Quarter where Mardi Gras is staged. Economic impact reports indicate that Mardi Gras generates over $1 billion in annual spending. The Sports and Entertainment District is situated east of the South Market District and is comprised of the Mercedes Benz Superdome, the Smoothie King Center, and Champions Square. Champions Square was recently opened and serves as a pre/post-event destination for more than 75 sporting events each year, attracting over 2.5 million visitors. New Orleans has also emerged as one of the top major studio film production locations in the U.S., with billions in new local spending annually in "Hollywood South.".

VIRGIN HOTEL | NEW ORLEANS

HOTEL MARKET

The New Orleans hotel market is likely to see more than 2,068 rooms become available between 2018 and 2020. 3 properties are currently under construction/recently opened, 9 are in the final planning stage, and 3 are in the planning stage. Occupancy in New Orleans increased by 2.2% in 2017, while ADR increased by 1.7%. Additionally, New Orleans has seen strong growth in RevPar, which increased by 4.0% in 2017. Occupancy and RevPar showed consistent growth from September 2017 through December 2017, and ADR grew from $272.65 to $274.38 over this time period. A government-mandated advertising campaign following the Deepwater Horizon oil spill helped boost tourism, and while new supply may drive occupancies slightly down, HVS forecasts overall growth in all metrics going forward.

CENTRAL BUSINESS DISTRICT - WAREHOUSE DISTRICT HOTEL MARKET

The New Orleans hotel market as a whole offers more than 40,000 hotel rooms, however the property's luxury class competitive set is only comprised of 1,615 hotel rooms. The Property is located in an attractive area due to its authentic character, proximity to key attractions and demand generators. It is also insulated from some competition due to high barriers to entry and its unique height allowances. The area continues to develop with luxury apartments, eclectic shops, cafes, restaurants and exciting entertainment venues. The New Orleans CBD market has averaged high single digit RevPAR growth over the last 5 years, and over the next 2 years it is expected that 1,080 rooms will be added. In addition, the Warehouse District has seen a recent bolstering in evening activities, contributing to a more 24/7 atmosphere. Significant unaccommodated demand exists in the CBD market, and the amount of room for new supply in the market is indicative of the limited inventory and high regulatory barriers. These barriers help to limit supply during a time of substantial growth in demand. Upscale hotels, particularly those that are lifestyle-oriented, are expected to dominate the new supply pipeline in the CBD submarket over the next 5 years. New Orleans has become a proving ground

PROJECT NAME	ADDRESS	PLANNED OPENING	ROOM COUNT	AFFILIATION	MANAGEMENT COMPANY	OWNER
Project Name	1300 Canal St	Q2 2018	157	Independent	Independent	N/A
B on Canal Hotel	2 Canal St	Q2 2019	350	Four Seasons	Four Seasons	N/A
Four Seasons New Orleans	316 St Charles Ave	Q4 2019	238	Residence Inn	InterMountain Management LLC	Lake Buena Vista Properties LLC
Residence Inn New Orleans Downtown The French Quarter	SEQ of Andrew Higgins & Magazine St	Q4 2019	230	Curio Collection	Curio Collection	World War II Theatre, Inc.
Curio Collection The Higgins Hotel New Orleans	1600 Canal St	Q3 2020	105	Towne Place Suites	NewcrestImage Management LLC	NewcrestImage Management LLC
TownePlace Suites New Orleans Downtown Canal Street						

AREA OVERVIEW

LOUIS ARMSTRONG INTERNATIONAL AIRPORT

Airport counts are often important indicators of lodging demand. The Louis Armstrong New Orleans International Airport began a $826-million redevelopment in 2015, with completion expected to be in 2018. Traffic through MSY has risen annually since 2019, and new airlines have begun service to the airport in recent years. With rising visitor counts, and a projected increase in employment levels and per-capita personal income, economic indicators point to a strong outlook for the New Orleans hotel market.

YEAR	PASSENGERS	YEAR	PASSENGERS
2001	9,567,651	2011	8,548,375
2002	9,251,773	2012	8,600,989
2003	9,275,690	2013	9,207,636
2004	9,733,179	2014	9,785,394
2005	7,775,147	2015	10,673,301
2006	6,218,419	2016	11,139,421
2007	7,525,533	2017	12,009,513
2008	7,967,997		
2009	7,787,373		
2010	8,203,305		

Source: Wikipedia

FRENCH QUARTER

The French Quarter was founded in 1718 and spans 10 blocks by 15 blocks in the heart of the City of New Orleans. Today, the French Quarter is a popular tourist destination as well as an important residential area and business district. Located in the Quarter is the Jax Brewery festival marketplace and represents a $70 million restoration of the former Jax brewery. The marketplace contains an excess of 245,000 square feet and now houses specialty shops and restaurants. Other attraction within the French Quarter include Jackson Square, the French Market, Café Du Monde, numerous shops and Bourbon Street. In addition, many festivals are staged through out the year including Mardi Gras, a celebration held annually that draws people from all over the world. Labeled as “the greatest free show on earth”, Mardi Gras generates over $1 billion in annual spending.

VIRGIN HOTEL | NEW ORLEANS

SPORTS AND ENTERTAINMENT

New Orleans is comprised of the Mercedes Benz Superdome, the Smoothie King Center, and Champions Square. The Superdome is home to the NFL’s New Orleans Saints and has seating capacity to over 76,000 fans. The venue hosts various major sporting events including the 2012 NCAA Men’s Basketball Final Four, Super Bowl XLVII in 2013, The 2014 NBA Allstar Game, and WrestleMania XXX in 2014. Additionally, the Superdome will be hosting the 2022 NCAA Men’s Final Four and Super Bowl 58 in 2024. The Smoothie King Center, home to the New Orleans Pelicans, is adjacent to the Superdome. The Smoothie King Center hosts numerous sporting events and concerts throughout the year. The recently opened Champions Square which is adjacent to the Superdome and Smoothie King Center, serves as an outdoor pre/post event destination for more than 75 sporting events and concerts each year, attracting over 2.5 million visitors.

NOTABLE UNIVERSITY’S

Within just a few miles from the city of New Orleans is Tulane University and Loyola University. Tulane University is a private school founded in 1834 and has an annual enrollment of around 13,000 students; 8,400 undergraduates and 5,100 graduate students. Recent additions to the school include construction of Yullman Stadium in 2014, which is home to the Tulane Men’s Football team and seats around 30,000, and the completion of a $35 million renovation of its Goldring/Woldenberg Business Complex in 2018. Loyola University New Orleans is a private Jesuit School located adjacent to Tulane. The School has a total annual enrollment of around 5,000 students; 3,000 undergraduate and 1,000 postgraduates.

VIRGIN HOTEL | NEW ORLEANS

The Buccini/Pollin Group

SPONSOR OVERVIEW

The Buccini/Pollin Group, Inc. is a privately-held, full-service real estate acquisition, development and management company with offices in Wilmington DE, Chevy Chase, MD, Philadelphia, PA, and Baltimore, MD. Formed in 1993, Buccini/Pollin develops and acquires hotel, office, residential, retail and parking properties. On behalf of its principals, investors and financial partners, Buccini/Pollin has acquired or developed real estate assets having a value in excess of $4.0 billion, including 36 hotels, 6 million square feet of office and retail space, 10 major residential communities, and multiple entertainment venues, including PPL Park, home of the Philadelphia Union Major League Soccer team. Buccini/Pollin has been the most active developer in Delaware since 1995 and has had tremendous success by virtue of its unparalleled local experience and knowledge of the design, municipal and sub-contracting communities. BPG is the largest commercial office landlord in Wilmington with over $1 billion invested. BPG's portfolio in the city includes over 2.8 million square feet of office space, 852 hotel rooms, 102K square feet of retail space and 1,128 multi-family units with 922 more in development.

Virgin Hotels is controlled by and majority owned by Virgin Group, a British multinational corporation founded by Richard Branson. Virgin Group is a family owned growth capital investor, who has expertise and a track record in five core sectors including Travel & Leisure, Telecoms & Media, Music & Entertainment, Financial Services and Health & Wellness.

Virgin Hotels, with offices in Miami, Fl and New York, NY, was launched in 2010 by a team of experienced leaders with strong records in profitable hotel operations, world-class design, brand development, and innovation. Today, the company focuses on pursuing renovation and new development projects in all major US cities and select European cities including London. In January 2015, Virgin Hotels opened its first location, Virgin Hotels Chicago and it currently has multiple projects under development in 9 different cities across the United States and 1 in Edinburg, UK. All 10 locations are projected to open within the next five years.

In 2016, Virgin Hotel Chicago was named the #1 hotel in the United States and the #6 hotel in the world by Conde Nast Travelers Readers' Choice Awards. Virgin Hotels Chicago was also named the #1 hotel in Chicago in both 2016 and 2017 by Conde Nast Travelers Readers' Choice Awards.

Virgin Hotels intends to produce a great vibe along with a sense of exclusivity. The guestrooms are designed to feel comfortable and arranged to maximize convenience for the guests. The guests can visit The Bar for the nightly Social Hour where they can receive complimentary drinks. The Virgin Hotels Chicago also hosts live music on the rooftop along with one-of-a-kind pop-events for the entertainment of the guests and the locals. Virgin Hotels is looking to continue providing a strong emphasis on food culture, social gigs, and great hospitality in all of the coming locations.

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SKYBRIDGE OPPORTUNITY ZONE REAL ESTATE INVESTMENT TRUST, INC.

Second Quarter 2019 Investor Letter

The SkyBridge Opportunity Zone REIT ("SOZ REIT") returned -0.28% net in the second quarter. The valuation of the REIT's recent investment in the Virgin Hotel New Orleans ("Virgin NOLA"), discussed below, was unchanged and interest income of 47 bps was offset by fund expenses.

In June, SOZ REIT closed on the formation and capitalization of a joint venture with The Buccini/Pollin Group ("BPG") and Virgin Holdings ("Virgin") to develop a hotel on a 13,000 square foot site in New Orleans, Louisiana. The Virgin NOLA will be a 14-story, 238 room property that will be positioned as an experiential lifestyle hotel located in the Warehouse District of New Orleans. Construction has commenced and is expected to be complete by April 2021 (22 months). The development of the hotel is expected to generate approximately 260 new construction-related jobs in addition to approximately 220 jobs post-construction. The principals of SOZ REIT's sub-advisor, Westport Investment Manager II ("WCP"), have developed a hospitality asset with BPG (Westin Wilmington) previously and have prior hospitality ownership experience in New Orleans (Hotel Modern).

Artist's rendering
Source: www.virginhotels.com

In our experience, there are many more attractive Opportunity Zone deals than there is Opportunity Zone capital available (i.e., from all sources), resulting in an attractive environment to deploy capital. The REIT's pipeline of potential development and redevelopment real estate projects currently exceeds 125 deals, which would become available to the REIT to the extent of its fundraising. These potential deals have been sourced via both market and proprietary channels and exhibit diversification by both geography and property-type.

As of July 1st, the REIT's portfolio was composed of equity in the Virgin NOLA deal and cash equivalents (a US Treasuries-only money market fund with a 30 day SEC yield of 2.08%).

As always, we thank you for your support.
Please feel free to contact us at 212-485-3100 or sozir@skybridge.com if you have any questions.

There is no guarantee that the rules, regulations, or interpretations will be adopted or implemented as described. Nothing herein constitutes tax or legal advice. As a result of the uncertainty of and compliance with qualified opportunity fund rules, there can be no guarantee that investors will be able to take advantage of any potential tax benefits.

SkyBridge Opportunity Zone Real Estate Investment Trust, Inc. Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	-0.17%	0.21%	-0.10%	-0.08%	-0.07%	-0.11%							**-0.31%**
2018												-0.12%	**-0.12%**

Pursuant to the terms of the Fee Waiver and Expense Reimbursement Agreement, total operating expenses of SOZ REIT shall not exceed 3.00% per annum. For more information, please see the Important Notes section on page 3 of this document and SOZ REIT's Private Placement Memorandum. Performance results are net of fees and expenses. Performance data contained above does not reflect any shareholder servicing and/or placement fees. To the extent any such fees are not offset by compensation a placement agent receives and credits the investor, they would lower the Investor's actual performance. Past performance does not guarantee future results. Actual results may vary.

Important Notes:

This document (this "Document") contains information about (i) SkyBridge Opportunity Zone Real Estate Investment Trust, Inc. (the "Fund") (ii) SkyBridge Capital II, LLC ("SkyBridge") and WCP. This Document is intended only for the person to whom it has been delivered. This Document does not constitute an offer to sell, is not an offer or a solicitation of an offer in respect of an investment in the Fund, and should not be construed as an offer of any kind or the solicitation of an offer to buy interests in the Fund in any state or jurisdiction to any person to whom it is unlawful to make such offer or solicitation. Any such offer or solicitation shall be made only to qualifying investors, and only pursuant to the Private Placement Memorandum for the offering of shares of the Fund (the "Private Placement Memorandum"), Subscription Application for shares of the Fund, and organizational documents of the Fund (the "Definitive Documents"), which describe the terms applicable to the Fund and certain risks related to an investment in the Fund and which qualify in their entirety the information set forth herein. Such Definitive Documents should be read carefully prior to an investment in the Fund. This Document does not constitute part of any such Definitive Documents. This Document must be preceded or accompanied by a copy of the Private Placement Memorandum in connection with any subscription.

All information contained herein is subject to revision and completion without prior notification. The investor (prospective or existing) should conduct its own investigation and analysis of SkyBridge and the Fund and the data described herein. This Document is strictly confidential and may not be reproduced or redistributed in whole or in part nor may its contents be disclosed to any other person under any circumstances except with the permission of SkyBridge.

SkyBridge is not acting as the advisor or agent for clients purchasing an investment and thus clients cannot rely on SkyBridge or this Document in connection with their decision to invest.

No person has been authorized to make representations or provide any information relating to any investment opportunity described herein that are inconsistent with or not otherwise contained in the Private Placement Memorandum.

RISK FACTORS

As further described in the Private Placement Memorandum, an investment in the Fund is highly illiquid, speculative and not suitable for all investors. Investing in the Fund is only intended for experienced and sophisticated investors who are willing to bear the high economic risks associated with such an investment. Investors may lose all or substantially all of their investment in the Fund.

An investment in the Fund will provide limited liquidity since the interests in the Fund are not freely transferable. There is no secondary market for the interests and none is expected to develop. An investment in the Fund is suitable only for sophisticated investors who do not require immediate liquidity for their investment and can bear the loss of their entire investment.

Investors should carefully review and consider potential risks before investing. Certain of these risks include but are not limited to:

- risks related to the uncertainty of and compliance with the Qualified Opportunity Zone tax regime rules;
- loss of all or a substantial portion of the investment;
- lack of liquidity in that there is no secondary market for the Fund;
- restrictions on transferring interests in the Fund;
- less regulation and higher fees than mutual funds; and
- investment manager risk.

Important Notes (continued):

The above description is a summary only. Potential investors are urged to review the Private Placement Memorandum for full disclosures on risks associated with an investment in the Fund.

Any market outlooks or estimates in this Document are forward-looking statements and are based upon certain assumptions. Actual results may differ materially from those set forth in any forward-looking statements herein.

SkyBridge and Westport cannot accept responsibility for the tax treatment of any investment product. This Document is not intended to constitute legal, tax or accounting advice, or investment recommendations. Each investor should consult its own lawyer, accountant, tax adviser and other applicable advisers regarding legal, commercial, tax or any other topic related to the information contained in this Document, independently, based on its individual circumstances. SkyBridge and Westport assume that, before making any commitment to invest, the investor and (where applicable, its beneficial owners) have taken whatever tax, legal or other advice the investor/beneficial owners consider necessary and have arranged to account for any tax lawfully due on the income or gains arising from any investment product provided by SkyBridge or Westport. An investor who is required to file a U.S. tax return may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of this investment and its transactions and all materials of any kind (including opinions or tax analyses) that are provided to the investor relating to such tax treatment and tax structure. SkyBridge and Westport do not provide tax or legal advice. No securities commission or regulatory authority in the United States or in any other country has in any way passed upon the merits of an investment in the Fund or the accuracy or adequacy of this Document or the material contained herein.

An investor should consider carefully the investment objectives, risks, and charges and expenses of the Fund before investing. Additional information about SkyBridge, Westport and the Fund is available upon request. This Document is not intended as a substitute for the Private Placement Memorandum and should not be relied upon as such.

Past performance does not guarantee future results. Actual results may vary.

The Adviser and the Sub-Adviser have entered into a Fee Waiver and Expense Reimbursement Agreement with the Fund (the “Reimbursement Agreement”) pursuant to which they have agreed to support an operating expense ratio that results in the Class O Shares bearing no more of the operating expenses (for the avoidance of doubt, this cap does not apply to shareholder servicing fees, selling commissions and other placement expenses, incentive fees, interest, taxes, dividend expense, borrowing costs (including fees and expenses incurred in connection with arranging for such borrowings), brokerage and similar expenses, expenses of underlying vehicles, acquisition and deal monitoring expenses including research, travel and broken-deal expenses and extraordinary expenses) than an amount equal to 0.25% of NAV each month (3.00% per annum) (the “Operating Expense Cap”), through a date mutually agreed with the Fund but no later than the last day of December 2021 (the “Reimbursement End Date”). As the Fund allocates expenses on a Fund-wide basis (other than class specific expenses, such as the shareholder servicing fees) each class of shares will benefit from the Operating Expense Cap even though it is measured by the impact on the Class O Shares expense ratio. For the avoidance of doubt, shareholder servicing fees and other class specific expenses, if any, are not reduced by the Operating Expense Cap, and accordingly, will be in addition to the reduced amount.

Non-US Legal Considerations. Investors who are residents of countries other than the U.S. should consult their legal and tax advisors concerning the regulatory and tax implications of an investment prior to making an investment decision.

Unless otherwise noted, the views expressed in this Document reflect those of SkyBridge or Westport. Westport is not affiliated with SkyBridge.

Securities offered through Hastings Capital Group, LLC, a registered broker-dealer and a member of both the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). SkyBridge is affiliated with Hastings.

Certain other funds managed by SkyBridge participate in funds managed by Westport. Among other things, the extent of these business relationships may affect the objectivity of SkyBridge in evaluating the performance of Westport with respect to the Fund. Other conflicts of interest may arise with respect to this interrelationship and may disadvantage the Fund in certain situations. For additional potential conflicts of interest, see the section of the Private Placement Memorandum titled “Potential Conflicts of Interest.”

PRIVATE PLACEMENT MEMORANDUM

SkyBridge Opportunity Zone Real Estate Investment Trust, Inc.

(A Maryland Corporation)

Shares of Common Stock

February 1, 2019

THE SHARES OF COMMON STOCK (THE "SHARES") OF SKYBRIDGE OPPORTUNITY ZONE REAL ESTATE INVESTMENT TRUST, INC. (THE "COMPANY") THAT ARE BEING OFFERED HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND STATE SECURITIES LAWS. THE SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION FROM THE SECURITIES ACT AND THE APPLICABLE STATE SECURITIES LAWS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THERE IS NOT CURRENTLY A PUBLIC OR OTHER MARKET FOR THE SHARES.

AN INVESTMENT IN THE SHARES IS SUBJECT TO SUBSTANTIAL RISKS. NO PERSON SHOULD INVEST IN THE SHARES IF THEY CANNOT AFFORD TO HOLD THE INVESTMENT FOR A SUBSTANTIAL PERIOD OF TIME OR IF THEY CANNOT AFFORD TO LOSE THEIR ENTIRE INVESTMENT. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. AN INVESTMENT IN THE COMPANY IS NOT INTENDED TO BE A COMPLETE OR BALANCED INVESTMENT PROGRAM. PROSPECTIVE INVESTORS SHOULD CONSIDER AN INVESTMENT IN THE COMPANY AS ONLY ONE PART OF THEIR INVESTMENT PORTFOLIO.

THE SHARES HAVE NOT BEEN RECOMMENDED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY. FURTHERMORE, THESE AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PRIVATE PLACEMENT MEMORANDUM (THE "MEMORANDUM"). ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SHARES IN ANY STATE OR JURISDICTION IN WHICH THE OFFER OR SALE OF THE SHARES WOULD BE PROHIBITED OR TO ANY ENTITY OR INDIVIDUAL NOT POSSESSING THE QUALIFICATIONS DESCRIBED IN THIS MEMORANDUM.

NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE INTENDED OR SHOULD BE INFERRED WITH RESPECT TO THE ECONOMIC RETURN OR THE TAX CONSEQUENCES FROM AN INVESTMENT IN THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT EXISTING LAWS WILL NOT BE CHANGED OR INTERPRETED ADVERSELY. DELIVERY OF THIS MEMORANDUM DOES NOT IMPLY THAT THE CIRCUMSTANCES OF THE COMPANY HAVE NOT CHANGED SINCE THE DATE OF THIS MEMORANDUM.

A PROSPECTIVE INVESTOR SHOULD NOT SUBSCRIBE FOR SHARES UNLESS SATISFIED THAT THE INVESTOR AND THE INVESTOR'S INVESTMENT REPRESENTATIVE HAVE ASKED FOR AND RECEIVED ALL INFORMATION WHICH WOULD ENABLE THE INVESTOR OR BOTH OF THEM TO EVALUATE THE MERITS AND

RISKS OF THE PROPOSED INVESTMENT. THE PAST PERFORMANCE OF OTHER INVESTMENT VEHICLES MANAGED OR ADVISED BY SKYBRIDGE CAPITAL II, LLC OR WCP INVESTMENT MANAGER II, LLC AND THEIR AFFILIATES IS NOT INTENDED TO BE, AND SHOULD NOT BE CONSTRUED AS, AN INDICATION OF THE LIKELY FUTURE PERFORMANCE OF THE COMPANY.

THE CHARTER OF THE COMPANY CONTAINS CERTAIN RESTRICTIONS ON THE OWNERSHIP AND TRANSFER OF THE SHARES, INCLUDING AN OWNERSHIP LIMIT OF 9.8% OF THE OUTSTANDING SHARES OF THE COMPANY'S COMMON STOCK.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THIS MEMORANDUM AS TAX OR LEGAL ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL COUNSEL, ACCOUNTANT, INVESTMENT ADVISER OR BUSINESS ADVISER AS TO THE LEGAL, TAX AND OTHER MATTERS RELATED TO AN INVESTMENT IN THE COMPANY.

THIS OFFERING IS MADE ONLY TO INVESTORS THAT ARE "ACCREDITED INVESTORS," AS THAT TERM IS DEFINED UNDER THE SECURITIES ACT. THE COMPANY RESERVES THE RIGHT TO REJECT SUBSCRIPTIONS IN ITS SOLE AND ABSOLUTE DISCRETION. THE COMPANY DOES NOT EXPECT TO MARKET SHARES TO INVESTORS OUTSIDE OF THE UNITED STATES.

THE INFORMATION CONTAINED IN THIS MEMORANDUM IS INTENDED TO BE CURRENT AS OF THE DATE OF THIS MEMORANDUM. NO REPRESENTATION OR WARRANTY IS MADE AS TO THE ACCURACY OR COMPLETENESS OF THIS INFORMATION AFTER THE DATE OF THIS MEMORANDUM, AND NOTHING CONTAINED IN THIS MEMORANDUM IS, OR SHOULD BE RELIED ON AS, A PROMISE OR REPRESENTATION AS TO THE FUTURE.

AS USED IN THIS MEMORANDUM, MASCULINE PRONOUNS INCLUDE THE FEMININE AND NEUTER, NEUTER PRONOUNS INCLUDE THE MASCULINE AND THE FEMININE, AND THE SINGULAR IS DEEMED TO INCLUDE THE PLURAL. UNLESS THE CONTEXT REQUIRES OTHERWISE, THE WORDS "INCLUDE," "INCLUDES," AND "INCLUDING" SHOULD NOT BE CONSIDERED TO LIMIT THE PROVISIONS THAT THEY MODIFY, BUT INSTEAD ARE DEEMED TO BE FOLLOWED BY THE PHRASE "WITHOUT LIMITATION." NO LIMITATION IS IMPLIED BY ANY EXAMPLE OR PARTICULAR OR ILLUSTRATIVE STATEMENT USED IN THIS MEMORANDUM IN CONNECTION WITH ANY BROADER STATEMENT OR ANY STATEMENT OF GENERAL APPLICABILITY.

THE INFORMATION CONTAINED IN THIS MEMORANDUM IS INTENDED ONLY FOR INVESTORS. COPIES OF THIS MEMORANDUM (OR ANY OTHER DOCUMENTS PROVIDED) SHOULD NOT BE DUPLICATED OR FURNISHED TO PERSONS OTHER THAN AN INVESTOR'S INVESTMENT AND TAX ADVISERS, ACCOUNTANTS OR LEGAL COUNSEL. ADDITIONAL INFORMATION THAT MAY BE PROVIDED IN CONNECTION WITH THE COMPANY MAY BE CONFIDENTIAL AND PROPRIETARY AND MAY INCLUDE TRADE SECRETS AND OTHER COMMERCIALLY SENSITIVE INFORMATION. EACH PERSON RECEIVING A COPY OF SUCH INFORMATION, BY ACCEPTING SUCH DELIVERY, WILL BE DEEMED TO HAVE AGREED NOT TO DISCLOSE OR USE ANY SUCH INFORMATION.

FOR FLORIDA RESIDENTS: THE SHARES HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES ACT. IF SALES ARE MADE TO FIVE (5) OR MORE INVESTORS IN

FLORIDA, ANY FLORIDA INVESTOR MAY VOID ITS PURCHASE WITHIN A PERIOD OF THREE (3) DAYS AFTER THE FIRST PAYMENT OF CONSIDERATION TO THE COMPANY, AN AGENT OF THE COMPANY OR AN ESCROW AGENT OF THE COMPANY. TO ACCOMPLISH THIS, IT IS SUFFICIENT FOR A FLORIDA INVESTOR TO SEND A LETTER OR TELEGRAM TO THE COMPANY WITHIN A THREE (3) DAY PERIOD, STATING THAT THE INVESTOR IS VOIDING AND RESCINDING ITS PURCHASE. IF AN INVESTOR SENDS A LETTER, IT IS PRUDENT TO DO SO BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO INSURE THAT THE LETTER IS RECEIVED AND TO EVIDENCE THE TIME OF MAILING.

ADDITIONAL INFORMATION

During this offering and prior to the sale of any Shares, the Company will make its representatives available to each prospective investor or its agent. Each prospective investor or its agent will have the opportunity to ask questions of, and receive answers from, Company representatives concerning any aspect of the Company and its proposed business. Each prospective investor and its agent may be able to obtain additional information, to the extent that the Company possesses additional information or can acquire it without unreasonable effort or expense.

No prospective investor should subscribe for Shares in the Company unless satisfied that it has asked for and received all information to enable it to evaluate the merits and risks of the proposed investment.

Questions may be addressed to:

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New York, NY 10022
(212) 485-3100

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APPENDIXES

THE QUALIFIED OPPORTUNITY FUND PROGRAM

Overview

On December 22, 2017, Congress enacted H.R. 1, also known as the "Tax Cuts and Jobs Act" (the "TCJA"). Among many other provisions, the TCJA established a new tax regime for investments in vehicles established for the purpose of acquiring "qualified opportunity zone property." These vehicles are referred to as "qualified opportunity funds" or "QOFs." The tax regime is referred to as the "QOF program."

In order to qualify as a QOF, an investment fund will need to hold at least 90% of its assets in qualified opportunity zone property in each of its taxable years, determined by calculating the average of the percentage of qualified opportunity zone property held by such investment fund (i) on the last day of the first six-month period of the taxable year of such investment fund, and (ii) on the last day of each taxable year of such investment fund.

Qualified opportunity zone property generally includes direct and certain indirect interests in businesses or property located in a population census tract that is (i) a low-income community (or contiguous with a low-income community) located in a state or possession of the United States and (ii) designated as a qualified opportunity zone by the applicable state or possession and approved by the U.S. government.

It is estimated that there are more than $6.1 trillion of potential unrealized capital gains that could be invested in QOFs, representing a significant untapped resource for economic development.[1] The Company (as defined below) believes that, in addition to the potential tax benefits to investors described below, investing in qualified opportunity zones can benefit these underserved areas, as substantial real estate investment in qualified opportunity zones can assist in creating the infrastructure and economic growth necessary for attracting new business and investments to these areas, thereby, creating a cycle of economic growth.

Potential Tax Benefits

The QOF program is intended to provide investors in QOFs with three types of potential tax benefits:

(1) *Temporary Deferral*: If a taxpayer realizes eligible capital gain from the sale or exchange of any property to or with an unrelated person, the taxpayer, generally, has 180 days from the sale or exchange to elect to defer all or part of the eligible capital gain from the sale or exchange by investing the gain in a QOF. Eligible capital gain does not include (i) certain gains from "section 1256 contracts" and (ii) any capital gain from a position that is or has been part of an "offsetting-positions transaction."

The amount of the eligible capital gain that has been invested in a QOF by the taxpayer is referred to as the "Deferred Gain Amount." The taxpayer's equity interest in a QOF that is attributable to the Deferred Gain Amount is referred to as the "QOF investment."

The taxpayer is required to include the Deferred Gain Amount (subject to certain adjustments described below) in its taxable income on the earlier of (i) the date the taxpayer sells or exchanges its QOF investment and (ii) December 31, 2026 (the applicable date, the "Inclusion Date").

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[1] Source: Economic Innovation Group; analysis based on $3.8 trillion in U.S. household unrealized capital gains in stocks and mutual funds, and U.S. corporations held another $2.3 trillion, at the end of 2017.

(2) *Step-up in Basis*: The initial tax basis of the QOF investment will be zero.

If the taxpayer holds the QOF investment for at least five years, the tax basis of the QOF investment will be increased by an amount that equals 10% of the Deferred Gain Amount.

If the taxpayer holds the QOF investment for an additional two years (or seven years in total), the tax basis of the QOF investment will be increased by an additional amount that equals 5% of the Deferred Gain Amount (or 15% in total).

Upon the Inclusion Date, the taxpayer will be required to include as capital gain on its tax return an amount equal to the excess of (i) the lesser of (x) the Deferred Gain Amount or (y) the fair market value of the QOF investment, in each case as of the Inclusion Date, over (ii) the taxpayer's basis in the QOF investment as of the Inclusion Date; immediately upon this tax event, the tax basis of the taxpayer's QOF investment will be increased by the amount of gain so included. The deferred gain that is included by the taxpayer on the Inclusion Date will have the same tax character as such gain would have had if it had not been invested in a QOF.

(3) *Permanent Exclusion*: If the taxpayer holds the QOF investment for at least 10 years, the taxpayer can make an election whereby the taxpayer's basis in the QOF investment will be made equal to the fair market value of the QOF investment on the day the QOF investment is sold or exchanged. Generally speaking, this means that no U.S. federal income tax will be owed with respect to appreciation in the value of a QOF investment (i.e., a qualifying equity interest in the QOF) that is held for at least 10 years.

Placement and other similar fees paid by the investor are not expected to be treated as Deferred Gain Amounts invested in the QOF for these purposes.

The following chart briefly summarizes the potential benefits described above.

Investment Length	**Potential Benefits**
Fewer than 5 years	Deferred taxation of eligible capital gains that are invested in the QOF ("Deferred Gain Amount"), until the earlier of (i) the date that the QOF investment is sold or exchanged or (ii) December 31, 2026
5 years or more (if QOF investment is made no later than 12/31/21)	10% of the Deferred Gain Amount is eliminated
7 years or more (if QOF investment is made no later than 12/31/19)	15% of the Deferred Gain Amount is eliminated
Greater than 10 years (if QOF investment is made no later than 12/31/26)	No U.S. federal income tax will be owed with respect to the post-investment appreciation in the value of the QOF investment

Investment Example

The following illustrates the benefits that a taxpayer could receive by investing in a QOF if the taxpayer were to (i) sell stock in 2019 for $150,000 in cash, which was originally purchased for $50,000; (ii) contribute $100,000 in cash to a QOF in exchange for an interest in the QOF in 2019 and within 180 days of such sale; and (iii) sell such interest in the QOF for $200,000 in 2029 (after holding the interest for more than 10 years). This example addresses only U.S. federal income tax consequences and does not address state, local or other tax consequences.

Year 2019	Year 2024	Year 2026
Investor defers recognizing $100,000 in eligible capital gains. Investor has a $0 basis in its interest in the QOF.	Investor's basis in the QOF increases from $0 to $10,000.	Investor's basis in the QOF increases from $10,000 to $15,000.

Year 2026	Year 2030
Investor recognizes $85,000 in capital gains in 2026 ($100,000 of deferred gain minus $15,000 of basis increase as described above) on which the taxpayer would owe tax at the rates in effect for 2026. Investor's basis in the QOF increases to $100,000 as a result of 2026 gain recognition.	Investor owes no additional U.S. federal income tax on the $100,000 economic gain from the sale of the QOF interest, realized in 2030. Note that this tax benefit is available if the QOF interest is sold on or prior to December 31, 2047, and the QOF has maintained its QOF status throughout the investor's holding period.

Qualified Opportunity Zones

Under the provisions of Subchapter Z of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), as enacted by the TCJA, individual U.S. states and possessions have nominated certain census tracts to be designated as opportunity zones ("Opportunity Zones"). Such nominated census tracts have been certified by the Secretary of the Treasury. An Opportunity Zone generally must be a population census tract within a U.S. state or possession that qualifies as a "low income community" as defined under Section 45D(e) of the Code (or, in certain cases, is contiguous to a low income community). A low income community is a population census tract with either a poverty rate of no less than 20 percent, or a median family income that does not exceed 80 percent of either the statewide or metropolitan area income, depending on the tract's location. The number of Opportunity Zones designated in each U.S. state or possession cannot exceed 25 percent of the number of population census tracts in such U.S. state or possession that qualify as low income communities, provided that if a U.S. state or possession has fewer than 100 low income communities, it may designate up to 25 of such low income communities as Opportunity Zones.

As of June 2018, all 50 states, the District of Columbia, and five U.S. possessions had areas designated as qualified opportunity zones; a total population of nearly 35 million Americans live in these approximately 8,700 designated communities.[2]

Qualified Opportunity Fund Program Need

Since the 2008 financial crisis, the U.S. economy has enjoyed a strong recovery, but the recovery has not been distributed evenly across the United States. Based on data from the 2011-2015 American Community Survey, qualified opportunity zone-eligible census tracts had an average poverty rate of over 32%; the poverty rate for the average U.S. census tract is 17%.[3] During that same time-frame, qualified opportunity zone-eligible census tracts have lost an average of 6% of jobs while the United States on average experienced job growth.[4] The QOF program was created in order to spur economic investment and development for these historically underserved areas in order to rebalance the uneven post-crisis economic recovery.[5]

THIS SUMMARY IS NECESSARILY GENERAL AND IS QUALIFIED IN ITS ENTIRETY BY THE DISCLOSURE CONTAINED IN THE REMAINDER OF THIS PRIVATE PLACEMENT MEMORANDUM (THE "MEMORANDUM"), INCLUDING THE SECTION OF THIS MEMORANDUM TITLED "CERTAIN TAX CONSIDERATIONS—QUALIFIED OPPORTUNITY FUND TAX BENEFITS—OPPORTUNITY ZONES AND QUALIFYING AS A QOF."

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2 Source: https://home.treasury.gov/news/press-releases/sm0414; https://www.irs.gov/pub/irs-irbs/irb18-28.pdf.

3 Source: https://home.treasury.gov/news/press-releases/sm0414.

4 Source: https://eig.org/news/distressed-communities-index-reveals-five-year-gap-life-expectancy-residents prosperous-distressed-communities; https://data.bls.gov/pdq/SurveyOutputServlet.

5 Source: IRS Opportunity Zones Frequently Asked Questions. https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions.

PROPERTY ACQUISITION PROGRAM

General

SkyBridge Opportunity Zone Real Estate Investment Trust, Inc., a Maryland corporation (the "Company") intends to acquire "qualified opportunity zone property" as defined by the Code and as described in "THE QUALIFIED OPPORTUNITY FUND PROGRAM" above. The Company will implement a property acquisition program (the "Program") that seeks to engage primarily in the development, redevelopment, improvement, renovation, rehabilitation or construction of real estate properties in qualified opportunity zones throughout the United States and U.S. possessions. The Company will not be limited in the types, amounts or concentrations of qualified opportunity zone acquisitions it can make, and may invest and reinvest the assets of the Company flexibly as it determines throughout the life of the Company.

The Company may engage in new construction, redevelopment, renovation, repurposing and rezoning of properties.

Target property types may vary widely, potentially including office, retail, housing, industrial, warehouse, storage, hotel, technology, mixed use properties, factories and other special use properties. Target business property opportunities may include new commercial, residential or other real estate development, redevelopment, improvement, renovation and rehabilitation projects. The Company also may participate in infrastructure projects. The Company's acquisitions may include income-oriented properties and/or appreciation-oriented properties with little or no cash flow.

Subject to the Company's intent that it not be an "investment company" subject to regulation under the Investment Company Act of 1940, as amended (the "Investment Company Act"), the Company may acquire securities or other interests in partnerships, joint ventures, operating companies, other entities or businesses that directly or indirectly own or lease property in a qualified opportunity zone.

In addition, the Company may invest proceeds from subscriptions, or income or disposition proceeds from investments, in cash, cash equivalents and/or other short-term securities or investments, including, without limitation, money market funds, pending allocation to acquisitions or distributions or otherwise in the discretion of the Adviser or the Sub-Adviser (each, as defined below).

The Company, either directly or indirectly through the Underlying Vehicles (as defined in "Summary of Principal Terms—Underlying Vehicles"), expects to utilize leverage as part of its acquisition program or otherwise, as determined by the Adviser or the Sub-Adviser under the supervision of the Board (as defined in Summary of Principal Terms—The Company"). The Company will have broad flexibility to structure the terms and uses of its borrowings as it deems appropriate, including for making and improving investments (including construction and property development loans), meeting operational needs, funding anticipated expenses, funding distributions and funding share repurchases. Leverage may take the form of borrowed money, asset-based credit facilities, trading on margin and other forms of borrowing. In order to secure borrowings, the Company may pledge its assets.

The Company presently intends to conduct its operations such that it is treated as a QOF within the meaning of Subchapter Z of the Code, although no assurances can be provided in this regard. However, notwithstanding anything herein to the contrary, the Company may fail to qualify as a QOF, and no assurance can be provided that investors will be able to realize any or all of the benefits described herein. In addition, throughout the life of the Company, the Company may engage in various actions that result in additional tax to investors, thereby degrading the potential tax benefits described herein.

Program Guidelines

In seeking to satisfy the requirements necessary for the Company to qualify as a real estate investment trust (a "REIT"), the Company intends to hold at least 80% of its assets in REIT-qualifying assets.

In addition, in seeking to satisfy the QOF requirements, the Company intends to hold at least 90% of its assets in properties that qualify as qualified opportunity zone property.

Direct Development, Operating Partners and Other Arrangements

The Company expects to both directly develop, redevelop, improve, renovate, rehabilitate or construct the real estate properties acquired by the Company and enter into joint ventures or other arrangements with operating partners (for example, local real estate developers) to develop, redevelop, improve, renovate, rehabilitate or construct the real estate properties acquired by the Company. In selecting operating partners, the Adviser and the Sub-Adviser will evaluate the partner's experience, reputation and expertise, among other factors. It is anticipated that the Company will seek to develop a strong network of relationships with operating partners through which to engage in one or more transactions.

Competitive Strengths

The Company will rely on the services of the Company's external advisers, SkyBridge Capital II, LLC (the "Adviser") and WCP Investment Manager II, LLC (the "Sub-Adviser") to execute the Program.

The Adviser has been partnering with asset managers to create alternative and other investment products for its clients since 2005 and has approximately $9.1 billion in assets under management or advisement as of December 31, 2018.

The Sub-Adviser's affiliates have managed real estate investment products since 2006 and have extensive real estate development and redevelopment experience across property-types. As of December 31, 2018, the Sub-Adviser's affiliates manage approximately $2.0 billion (net assets and undrawn committed capital) and have returned approximately $1.6 billion to investors via distributions since 2006. The Sub-Adviser's affiliates have an over 12-year record of managing accounts dedicated to holding and investing in real estate. More information on the Sub-Adviser and its affiliates and their experience is included in Appendix A.

Each of the Adviser and the Sub-Adviser's affiliates have significant experience executing a variety of complex strategies for asset management clients.

Investment Process

The following is an overview of certain key aspects of the investment process that the Adviser and Sub-Adviser generally expect to utilize when engaging in the acquisition, development, redevelopment, improvement, renovation, rehabilitation and management of real estate properties in qualified opportunity zones. The investment process described herein represents the currently expected investment process for the Company, though this may change over time and from time to time.

- ***Leveraging Relationships:*** The Adviser and Sub-Adviser expect to rely on their strong ties in the finance and real estate sectors to combine transaction sourcing and structuring expertise with a focus on downside protection to seek to manage known risks and protect principal.

- ***Fundamental Analysis:*** The Adviser and Sub-Adviser expect to utilize an asset-by-asset valuation approach to evaluate potential investments with a focus on cash flow projections and market-by-market trends.

- ***Disciplined Investment Management:*** The Adviser and Sub-Adviser expect to employ rigorous oversight over investments to ensure that the Company is executing its business plan for each investment.

Transaction Sourcing

The Adviser and Sub-Adviser will seek to rely on their professional relationships within the real estate industry. Through this process, the Adviser and Sub-Adviser will seek to generate and maintain deal flow with trusted counterparties. The Adviser and Sub-Adviser believe that entering into transactions with a view towards building long-lasting partnerships will allow the Company to receive more favorable investment terms over the long-term, while also providing the Company with greater ability to manage known risks and protect principal.

Due Diligence

The Sub-Adviser will conduct comprehensive due diligence on each investment it identifies for the Company. The Sub-Adviser intends to engage in fundamental real estate due diligence (land use, environmental, operating assumptions, project budget, etc.), developer due diligence, and market research with respect to the Company's investments. The Sub-Adviser's real estate analysis will be supplemented by financial modeling and downside sensitivity analysis to assess the anticipated performance of each investment under adverse conditions.

When conducting due diligence on potential investments, the Sub-Adviser will conduct a preliminary review of each opportunity to assess the merits and risks of each investment. This review generally will involve the Sub-Adviser generating an initial projection based on macro- and micro-economic analyses. The Sub-Adviser generally will develop project assumptions based on the proprietary research and analysis of its investment team, discussions with service providers and operating partners (when applicable), market trends and published sources, and may engage sector experts. If the Company proceeds with a transaction, the Sub-Adviser will conduct further due diligence to verify the initial projections and will conduct various scenario analyses and analyze potential exit strategies utilizing proprietary models.

The Sub-Adviser expects to analyze the entitlement, environmental and engineering matters relating to the potential transaction. During this process, it is expected that the Sub-Adviser will engage third-party consultants to assist in its review, and the conclusions of these consultants will be incorporated into the financial projections developed by the Sub-Adviser. The Sub-Adviser also will conduct a review of the investment's impact on the Company's aggregate portfolio composition.

The Sub-Adviser expects to work closely with outside counsel to review, diligence and negotiate applicable legal and property specific documents pertaining to each investment, including potentially, among other documents, a joint venture agreement, development agreement and management agreement. Additionally, the Sub-Adviser will regularly consult with the Adviser throughout the structuring of the investment to ensure compliance with applicable tax and regulatory requirements.

Investment Committee Process

Once the due diligence in respect of an investment is finalized, the Sub-Adviser will prepare an investment committee memorandum. The investment committee memorandum will summarize the investment opportunity, including an assessment of potential upside and downside expectations, certain risks, benchmarks with respect to development schedules, investment budgeting, including construction costs, exit strategies, the roles of any investment partners and the contractual protections and rights of the Company in its dealings with those partners, overall Company portfolio diversification impacts, and an analysis of the investment's compliance with the Company's investment program and its various tax and regulatory requirements. The Sub-Adviser's investment committee will then meet to review the investment committee memorandum and the investment, and if the investment is approved by the Sub-Adviser's investment committee, the Sub-Adviser will formally present the investment to the Adviser's investment committee.

The Adviser will then review the Sub-Adviser's investment committee memorandum and other relevant materials provided by the Sub-Adviser, the Adviser will review investment-specific tax and regulatory compliance analysis (including pro forma QOF and REIT compliance analyses) prepared by the Company's tax adviser, and the Adviser will conduct its own analysis of the investment and will either approve the consummation of the investment on behalf of the Company (with or without additional conditions or modifications) or reject the consummation of the investment on behalf of the Company. Once approval from the Adviser's investment committee has been obtained, the transaction documents will be executed and the Adviser will delegate to the Sub-Adviser such authority as is necessary to implement and manage the transaction. For the avoidance of doubt, the Company will not move forward with an investment if it does not satisfy the investment criteria of the Adviser and Sub-Adviser.

Investment Management

In monitoring the performance of each investment throughout its life, the Company expects to emphasize scheduling, budget oversight and management directives. In doing so, the Sub-Adviser will monitor the progression of the investment and market conditions relative to the original underwriting, subject to the supervision of the Adviser. The Sub-Adviser, in consultation with the Adviser, will periodically incorporate relevant changes into the financial projections initially developed by the Sub-Adviser in respect of the investment. In addition, the Sub-Adviser expects to revise its macro- and micro-economic analyses, as well as various scenario analyses, when updating its financial projections. The Adviser and Sub-Adviser will also continue to review the investment's impact on the Company's aggregate portfolio composition.

In general, the Company expects to structure its investment in a manner that will provide the Company with a significant degree of influence or control over the management of the property. Accordingly, the Company expects that the Sub-Adviser will be actively involved on its behalf in establishing the strategic direction of all properties, which the Adviser and the Sub-Adviser believe will lead to better property management, more accurate financial projections and potential downside principal protection.

Exit Opportunities

Each of the Adviser and the Sub-Adviser expects to consider and develop potential exit strategies for the Company's investments as appropriate over time. When determining whether to sell or otherwise dispose of a particular investment, the Adviser and the Sub-Adviser may take into account the following:

- An evaluation of the investment, as well as the current and projected market conditions, using macro- and micro-economic analyses;

- An assessment of the returns from the investment to determine whether the expected sale price exceeds the net present value of the projected cash flows of the investment;

- An evaluation as to whether the value creation plan that was established in respect of such investment at acquisition has been successfully completed;

- An evaluation of shareholder level QOF program considerations, among others; and

- An evaluation of whether an exit of the investment would affect the Company's regulatory status.

Generally, the Company expects to reinvest proceeds from the disposition of an investment in a manner consistent with the Program, although the Company may be required to distribute certain proceeds to Shareholders to comply with any applicable REIT requirements.

Investment Committees

The Adviser's investment committee will be responsible for approving transactions recommended by the Sub-Adviser, general oversight of the Sub-Adviser's activities, and certain related functions. The members of the Adviser's investment committee are Raymond C. Nolte, Troy A. Gayeski, Robert W. Duggan, Daniel Barile and Tatiana Segal.

The Sub-Adviser's investment committee will be responsible for day-to-day development of the Company's property acquisition program and will meet periodically to review the Company's investment pipeline, submit investment bids, approve transactions and monitor investments. The Sub-Adviser's investment committee also will assess each project's performance over time relative to the benchmarks agreed between the Adviser and the Sub-Adviser, and will coordinate the Company's management of each investment. Where operating partners are involved, the Sub-Adviser's investment committee will also manage those relationships. The members of the Sub-Adviser's investment committee are Russel S. Bernard, Sean F. Armstrong, Wm. Gregory Geiger, Jordan Socaransky, Peter Aronson and Marc Porosoff.

The biographies of the members of the Adviser's investment committee and the Sub-Adviser's investment committee are set forth below in "Company Management—The Adviser" and "Company Management—The Sub-Adviser," respectively.

SUMMARY OF PRINCIPAL TERMS

The information below should be read in conjunction with the full text of this Memorandum. The following is a summary of the charter of the Company (the "Charter"), the Bylaws of the Company (the "Bylaws") and the Shareholders' Agreement among the holders of the Shares (the "Shareholders' Agreement") (collectively, the "Organizational Documents"), in each case, in the form anticipated to be in effect at or immediately before the Initial Closing (as defined below) and the terms of the Shares. The Company will deliver copies of the forms of Organizational Documents and all related documents upon request. This summary is qualified in its entirety and is subject to the detailed provisions of the Charter and all related documents.

The Company	SkyBridge Opportunity Zone Real Estate Investment Trust, Inc., a Maryland corporation (the "Company"), intends to qualify as a real estate investment trust under the Code. The Company is managed by its Board of Directors (the "Board"), which will delegate certain responsibilities to the Adviser and the Sub-Adviser (each as defined below).
The Adviser	SkyBridge Capital II, LLC, a Delaware limited liability company (the "Adviser" or "SkyBridge"), is the adviser. See "Company Management—The Adviser." Subject to the oversight of the Board, the Adviser will perform the acts required to carry out the activities and objectives of the Company, except as otherwise stated in the Charter, the Bylaws, the Advisory Agreement between the Company and the Adviser (the "Advisory Agreement"), the Sub-Advisory Agreement among the Company, the Adviser and the Sub-Adviser (the "Sub-Advisory Agreement") and any agreements between the Company and other service providers. See "Company Management—The Advisory Agreement."
The Sub-Adviser	WCP Investment Manager II, LLC, a Delaware limited liability company (the "Sub-Adviser"), is the sub-adviser. See "Company Management—The Sub-Adviser." Subject to the oversight of the Adviser and the Board, the Sub-Adviser will perform the acts required to carry out the activities and objectives of the Company, except as otherwise stated in the Charter, the Bylaws, the Advisory Agreement, Sub-Advisory Agreement and any agreements between the Company and other service providers. The Sub-Adviser has been engaged to source and manage investments on behalf of the Company. Notwithstanding the foregoing, the Adviser will make the ultimate determination as to whether to consummate any investment on behalf of the Company. The Sub-Adviser will manage the investments of

the Company in accordance with the applicable business and/or development plan agreed between the Adviser and the Sub-Adviser, but will not exercise any right on behalf of the Company to dispose of, transfer, sell or engage in a material modification of any investment of the Company, without the prior approval of the Adviser. See "Company Management—The Sub-Advisory Agreement."

Company Objective

The Company intends to acquire "qualified opportunity zone property" as defined by the Code and as described below.

The Company will not be limited in the types, amounts or concentrations of qualified opportunity zone acquisitions it can make, and may invest and reinvest the assets of the Company flexibly as it determines throughout the life of the Company. In addition, the Company may acquire qualified opportunity zone property throughout the United States and its possessions. Target property types may vary widely, potentially including office, retail, housing, industrial, warehouse, storage, hotel, technology, mixed use properties, factories and other special use properties. Target business property opportunities may include new commercial, residential or other real estate development, redevelopment, improvement, renovation and rehabilitation projects. The Company also may participate in infrastructure projects. The Company's acquisitions may include income-oriented properties and/or appreciation-oriented properties with little or no cash flow. Subject to the Company's intent that it not be an "investment company" subject to regulation under the Investment Company Act of 1940, as amended (the "Investment Company Act"), the Company may acquire securities or other interests in partnerships, joint ventures, operating companies, other entities or businesses that directly or indirectly own or lease property in a qualified opportunity zone.

In addition, the Company may invest proceeds from subscriptions, or income or disposition proceeds from investments, in cash, cash equivalents and/or other short-term securities or investments, including, without limitation, money market funds, pending allocation to acquisitions or distributions or otherwise in the discretion of the Adviser.

Potential Opportunity Zone Tax Benefits

On December 22, 2017, Congress enacted H.R. 1, also known as the "Tax Cuts and Jobs Act" (the "TCJA"). Among many other provisions, the TCJA established a new tax regime for investments in vehicles established for the purpose of acquiring "qualified opportunity zone property." These vehicles are referred to as "qualified opportunity funds" or "QOFs." The tax regime is referred to as the "QOF program." On October 19, 2018, the U.S. Department of the Treasury (the "Treasury") and

the U.S. Internal Revenue Service ("IRS") issued proposed Treasury regulations regarding qualified opportunity zones (the "Proposed Regulations"). The Company and investors generally may rely upon the Proposed Regulations (but only if they apply the Proposed Regulations in their entirety and in a consistent manner), (i) with respect to taxable years that begin before the final regulations' date of applicability (in the case of the Company's determination whether it is a QOF) and (ii) in connection with investments in the Company that occur before the final regulations' date of applicability (in the case of investors seeking tax benefits in connection with such investments).

The QOF program is intended to provide investors in QOFs with three types of potential tax benefits:

(1) *Temporary Deferral*: If a taxpayer realizes eligible capital gain from the sale or exchange of any property to or with an unrelated person, the taxpayer has 180 days from the sale or exchange to elect to defer all or part of the eligible capital gain from the sale or exchange by investing the gain in a QOF and acquiring ownership of an equity interest in that QOF. Eligible capital gain does not include (i) certain gains from "section 1256 contracts" and (ii) any capital gain from a position that is or has been part of an "offsetting-positions transaction." The taxpayer may not satisfy the 180-day requirement by paying cash into escrow pending a later issuance of interests in the QOF that closes after the taxpayer's 180-day window.

    The amount of the eligible capital gain that has been invested in a QOF by the taxpayer is referred to as the "Deferred Gain Amount." The taxpayer's equity interest in a QOF that is attributable to the Deferred Gain Amount is referred to as the "QOF investment."

    The taxpayer is required to include the Deferred Gain Amount (subject to certain adjustments described below) in its taxable income on the earlier of (i) the date the taxpayer sells or exchanges its QOF investment and (ii) December 31, 2026 (the applicable date, the "Inclusion Date").

(2) *Step-up in Basis*: The initial tax basis of the QOF investment will be zero.

    If the taxpayer holds the QOF investment for at least five years, the tax basis of the QOF investment will be increased by an amount that equals 10% of the

Deferred Gain Amount.

If the taxpayer holds the QOF investment for an additional two years (or seven years in total), the tax basis of the QOF investment will be increased by an additional amount that equals 5% of the Deferred Gain Amount (or 15% in total).

Upon the Inclusion Date, the taxpayer will be required to include as capital gain on its tax return an amount equal to (i) the lesser of (x) the Deferred Gain Amount or (y) the fair market value of the QOF investment, in each case as of the Inclusion Date, over (ii) the taxpayer's basis in the QOF investment as of the Inclusion Date; immediately upon this tax event, the tax basis of the taxpayer's QOF investment will be increased by the amount of gain so included. The deferred gain that is included by the taxpayer on the Inclusion Date will have the same tax character as such gain would have had if it had not been invested in a QOF.

(3) *Permanent Exclusion*: If the taxpayer holds the QOF investment for at least 10 years, the taxpayer can make an election whereby the taxpayer's basis in the QOF investment will be made equal to the fair market value of the QOF investment on the day the QOF investment is sold or exchanged. Generally speaking, this means that no U.S. federal income tax will be owed with respect to appreciation in the value of a QOF investment (i.e., a qualifying equity interest in the QOF) that is held for over 10 years. The Proposed Regulations provide that the ability to make such an election is not impaired solely because the Qualified Opportunity Zones ("QOZs") in which the QOF invested have ceased to be designated as QOZs, as long as the taxpayer's QOF investment is sold or exchanged on or prior to December 31, 2047.

Placement and other similar fees paid by the investor are not expected to be treated as Deferred Gain Amounts invested in the QOF for these purposes.

The Company's Qualification as a QOF. In order to qualify as a QOF, the Company will need to hold at least 90% of its assets in qualified opportunity zone property in each of its taxable years, determined by calculating the average of the percentage of qualified opportunity zone property held by the Company (i) on the last day of the first six-month period of the taxable year of the Company, and (ii) on the last day of each taxable year of the Company.

Qualified opportunity zone property generally includes direct and certain indirect interests in businesses or property located in a population census tract that is (i) a low-income community (or contiguous with a low-income community) located in a state or possession of the United States and (ii) designated as a qualified opportunity zone by the applicable state or possession and approved by the U.S. government.

Underlying Vehicles

The Company's investments may be held by a limited partnership, limited liability company or other vehicle formed for that purpose (collectively, the "Underlying Vehicles"). The Company may also make investments directly. Joint venture partners and co-investors may hold ownership interests in the Underlying Vehicles from time to time.

Underlying Vehicles may hold title to the Company's investments in real estate and related assets and may receive income, if any, from those investments.

Leverage

The Company, either directly or indirectly through the Underlying Vehicles, expects to utilize leverage as part of its acquisition program or otherwise, as determined by the Adviser or the Sub-Adviser under the supervision of the Board. The Company will have broad flexibility to structure the terms and uses of its borrowings as it deems appropriate, including for making and improving investments (including construction and property development loans), meeting operational needs, funding anticipated expenses, funding tax distributions and funding share repurchases. Leverage may take the form of borrowed money, asset-based credit facilities, trading on margin and other forms of borrowing. In order to secure borrowings, the Company may pledge its assets.

Distributions; Reinvestment of Capital

In order to qualify as a REIT for a taxable year of the Company, the Company will be required to distribute to the Shareholders a minimum of 90% of its net taxable income (as calculated for income tax purposes), determined without regard to the dividends-paid deduction and excluding net capital gains. The Company will be subject to regular corporate income taxes on any undistributed taxable income each year. In addition, the Company will be subject to a 4% nondeductible excise tax on any amount by which Company distributions in any calendar year are less than the sum of 85% of Company ordinary income, 95% of Company capital gain net income and 100% of the Company's undistributed income from previous years.

Subject to applicable tax requirements, the Company may invest and reinvest all or a portion of its available cash (including cash received from subscriptions, dispositions of or

distributions from investments, and proceeds from leverage) in accordance with its investment program.

Board of Directors and Executive Officers

The business and affairs of the Company will be managed under the direction of the Board. The Board will consist of five directors, at least three of whom will be considered "independent" under standards for independence to be agreed by the directors from time to time.

The directors are divided into five classes. At each annual meeting of the Shareholders (commencing with the first annual meeting after the Initial Closing), the Shareholders will elect one class of directors. Directors elected by the Shareholders will serve five-year terms and until their respective successors are duly elected and qualify.

The Charter and Bylaws provide that one director will be designated by the Adviser, one director will be designated by the Sub-Adviser and the remaining directors will be independent directors that are designated by the Continuing Directors (as defined below). These rights will continue after a public listing on a national securities exchange of the Shares but will terminate in connection with (i) any disposal of all or substantially all of the Company's assets, whether in a single transaction or a series of related transactions, or (ii) any mergers, consolidations or other business combination transactions. The Adviser's or the Sub-Adviser's right to designate a director will terminate if the Adviser or the Sub-Adviser, as applicable, ceases to be the Company's adviser or sub-adviser.

The Board has elected the Company's executive officers and will be responsible for the overall supervision of the Company's affairs, including the performance of the Adviser and the Sub-Adviser.

In the ordinary course of the pursuit of the property acquisition program, the Sub-Adviser is expected to be directly involved in each of the Company's acquisitions and the Adviser, on behalf of the Company and the Board, will evaluate the Sub-Adviser's role with respect to each acquisition as part of the approval process. The Adviser and the Sub-Adviser will only cause the Company to engage in a principal transaction that is outside the approved scope of the foregoing or in cross-trade upon the further approval by a majority of the independent directors of the Board.

A consent by the independent directors of the Board to any matter which requires the consent of the Company under the Advisers Act (as defined below), or other applicable law, or any

other matter involving a conflict of interest, shall be deemed to constitute the consent of the Company and all Shareholders.

Investment Committees

Each of the Adviser and the Sub-Adviser maintain an investment committee for the Company (each, an "Investment Committee"). Each Investment Committee is expected to hold periodic meetings to review and approve the Company's acquisitions and dispositions, and take other relevant actions pertaining to the Company's assets.

Shareholders

The Company is offering common shares (the "Shares"), generally on a monthly basis, to qualified investors who, if accepted, will become shareholders of the Company (each, a "Shareholder").

Each Shareholder must be an "accredited investor" (as that term is defined in the U.S. Securities Act of 1933, as amended) and otherwise be eligible to invest in the Company. Each prospective investor will be required to make certain representations to the Company to ensure that no adverse tax, regulatory or other consequences to the Company or any of its Shareholders will arise from an investment by a prospective investor and, in particular, that the Company will not breach any applicable anti-money laundering laws and regulations. The Company may, for any reason or for no reason, refuse to accept an investment from any person. The Company does not expect to market its Shares outside of the United States.

Classes of Shares

Shares will be issued in four classes: Class L, Class M, Class N and Class O. Each class of Shares generally will have identical rights, preferences, powers, restrictions, limitations, qualifications, and terms and conditions, except that: (i) each class of Shares will participate in gains and losses of the Company based on its net asset value ("NAV") (after adjustment for expenses attributable to such class); and (ii) each class of Shares (other than Class O) will bear Shareholder Servicing Fees (as defined below) at the rate applicable to such class. The Company may issue additional classes or series of Shares in the future. See the section of this Memorandum titled "Description of Capital Stock" below.

Subscriptions

The minimum initial subscription by a Shareholder is $100,000. Additional subscriptions must be made in a minimum amount of $25,000. The Company reserves the right to accept subscriptions of lesser amounts in its sole discretion.

The purchase price for each class of Shares at the Initial Closing (which was held on December 3, 2018) was $1,000 per Share. The purchase price for each class of Shares at each subsequent closing will generally equal the applicable month's

NAV per class of Shares, as determined for each subscription date. Shares also may be subject to the upfront selling commissions described below. See "Summary of Principal Terms—Potential Opportunity Zone Tax Benefits" for expected treatment of such fees.

Shareholders' Agreement

Each Shareholder, upon the execution of the subscription agreement, will become a party to the Shareholders' Agreement and fully bound by, and subject to, all of the covenants, terms and conditions contained therein. The Shareholders' Agreement has the effect of modifying important rights of Shareholders under Maryland law.

The Shareholders' Agreement requires Shareholders to vote in accordance with the Board's recommendation on all matters submitted to a vote of Shareholders prior to a Public Listing or Sale other than: (i) the election or removal of directors; (ii) amendments to the Shareholders' Agreement; or (iii) amendments to the Charter that materially and adversely affect the terms of the Shares. However, the following actions will not be deemed to materially and adversely affect the terms of the Shares and Shareholders will be required to vote in accordance with the Board's recommendation with respect to: (x) an increase in the number of authorized or issued shares of any class or series of the Company's capital stock, or the creation or issuance of any new class or series of capital stock; (y) the dissolution of the Company; or (z) any amendment, alteration or repeal of any provision of the Charter by or in connection with a Public Listing or Sale. By executing the subscription agreement, each Shareholder is granting an irrevocable proxy and power of attorney to the officers of the Company to attend, and vote at, all meetings of the Shareholders of the Company and to execute all written consents on behalf of such Shareholder in accordance with the Shareholders' Agreement. Subject to certain exceptions, the Shareholders' Agreement provides that, in connection with any Public Listing or Sale, each Shareholder agrees to sell or exchange the Shares in accordance with the terms and conditions of such Public Listing or Sale approved by the Board and to take such other actions in support of the Public Listing or Sale as may reasonably be requested by the Company. This drag-along right (as further described in the Shareholders' Agreement) terminates upon the consummation of a Public Listing or Sale. The Shareholders' Agreement may be amended by the Company (without the approval of any Shareholder) by providing notice of the material terms of such amendment to each Shareholder within 10 days following the effective time of the amendment; provided that, any amendment to the Shareholders' Agreement that materially and adversely affects the express contract rights of the Shareholders

thereunder requires the approval of the Shareholders holding a majority of the Shares then held by the Shareholders.

Closings

The initial closing for Shareholder subscriptions (the "Initial Closing") occurred on December 3, 2018.

Additional closings for Shareholder subscriptions generally will be held on the first business day of every month until the end of 2021, and may, at the discretion of the Adviser, be held on other days, provided that the Company or its designated agents may, in its or their sole discretion, suspend subscriptions for Shares (or any class of Shares) at any time and from time to time.

A completed subscription agreement, which contains a joinder to the Shareholders' Agreement, and any other required documentation, must be received by the Company at least five business days prior to the proposed closing. The payment for the subscription of Shares must be received by the Company no later than three business days prior to the proposed closing.

Share Repurchase Plan

The Company intends to offer to repurchase Shares semi-annually (March 31 and September 30) beginning on March 31, 2022 (each, a "Repurchase Date"). Share repurchases will be limited to 2.5% (or a lesser amount as determined by the Company) of the total outstanding NAV of the Shares of the Company as of the Repurchase Date (the "Repurchase Amount"). In the event that Shareholder requests for repurchases exceed the Repurchase Amount on a Repurchase Date, Share repurchases will be reduced on a *pro rata* basis based upon the amounts requested. No class of Shares will have any priority with respect to Share repurchases. Share repurchases also will be subject to the limitations contained in the share repurchase plan (the "Repurchase Plan") to be adopted by the Company, limitations imposed by law and the restrictions on ownership and transfer of Shares. There is no guarantee that the Company will repurchase all or any Shares. The Board may modify, suspend or terminate the Repurchase Plan if it deems this action to be in the Company's best interest.

Substantially all of the Company's assets are expected to consist of properties that cannot generally be readily liquidated without impacting the ability to realize full value upon their disposition. Therefore, the Company may not always have a sufficient amount of cash to immediately satisfy repurchase requests and may incur debt to fund such repurchases, choose to repurchase fewer Shares than have been requested to be repurchased, or elect not to repurchase Shares.

Notwithstanding the foregoing, in connection with a change in

the sub-adviser to the Company in January 2019, the Company offered its then current shareholders, including the former sub-adviser, a one-time opportunity to redeem their Shares in full. The Company does not anticipate making additional offers of this type going forward.

Preferred Shareholders

Preferred shares of the Company may be offered to certain individual investors in minimum amounts of $1,000 in order to achieve an overall number of shareholders of the Company in excess of 100. The Company may at any time sell preferred shares to new preferred shareholders in the event that the Company determines the sale is necessary to maintain the Company's qualification as a REIT under the Code.

If issued, the preferred shares (i) will accrue dividends at a rate of 12.5% of the liquidation preference per preferred share plus accrued and unpaid dividends thereon and (ii) will have a preference on liquidation in the amount of $1,000 per preferred share plus accrued and unpaid dividends and, if redeemed before December 31, 2020, a $50 redemption premium per share, and (iii) will be nonvoting except in connection with certain amendments to the Charter, whether by merger, consolidation or otherwise, or the authorization or issuance of parity or senior securities.

The Company may retain one or more service companies to execute and manage the offering, sale and administration of the preferred shares, the fees and expenses of which will be a Company expense.

REIT Requirements

There are numerous requirements applicable to electing to be taxed as a REIT and to maintaining the Company's qualification as a REIT.

The Board and the Adviser will take commercially reasonable steps to maintain the Company's qualification for taxation as a REIT. The Charter includes provisions intended to assist the Company in qualifying as a REIT, including restrictions on ownership and transfer of Shares.

Target Size

There is no minimum (or maximum) size for the Company. The Company's target size is $3 billion.

Term

The Company will have a perpetual term. However, if a Public Listing or Sale (as defined below) has not occurred prior to the fifteenth (15th) anniversary of the Initial Closing, the Board expects, in consultation with the Adviser and the Sub-Adviser, to effect an orderly liquidation of the Company.

Similar Investment Vehicles

Each of the Adviser and the Sub-Adviser, or their affiliates, may establish additional REITs or other investment vehicles, or

may manage, advise or sub-advise additional REITs or other investment vehicles on behalf of one or more third parties, that pursue a similar investment program to the Company (the "Similar Vehicles"). The Similar Vehicles also may co-invest alongside the Company, generally on an equitable basis in accordance with the allocation policy of the Sub-Adviser.

The Adviser or the Sub-Adviser also may establish, for legal and/or tax purposes, successor entities (each such entity, a "Successor Vehicle") at any time and in any manner to the extent necessary or advisable to allow the Company or a Successor Vehicle to qualify as a QOF or to enable Shareholders to dispose of their Shares (including by reason of transfer to the Successor Vehicle) in a tax-efficient manner.

Exit Opportunities

While the Company generally anticipates being a long-term owner and operator of its assets, it may seek to dispose of individual assets at any time. The Company also may determine, in its discretion and, if required under applicable law, subject to Shareholder approval (in accordance with the Shareholders' Agreement), to (i) dispose of all or substantially all of the Company's assets in a single transaction or a series of related transactions, (ii) engage in one or more mergers, consolidations or other business combination transactions, including with a Similar Vehicle, a Successor Vehicle (as defined below), another vehicle managed, advised or sub-advised by the Adviser or the Sub-Adviser, or their affiliates (or any another entity that has an economic stake in the assets of the Company), or another publicly-traded and exchange-listed REIT, as a result of which the Shareholders will dispose of or exchange all of their Shares for cash, securities or other property of any kind, or (iii) cause the Company to engage in a public listing on a national securities exchange of the Shares (each such transaction, a "Public Listing or Sale"). The Board also may designate any transaction or series of transactions as a Public Listing or Sale so long as, as a result of the transaction or series of transactions, either the Shares (or any successor interests to the Shares) are listed on a national securities exchange or converted into or exchanged for cash, or the Company is liquidated and dissolved. As further described in the Shareholders' Agreement, the Company will have the right to cause all Shareholders to vote in favor of a Public Listing or Sale and to sell their Shares in a single transaction or a series of related transactions pursuant to a Public Listing or Sale.

The Company intends to structure exit opportunities in a manner that preserves the tax benefits afforded under the QOF program, although no assurance can be given that all of the tax benefits of the QOF program will be realized by any or all Shareholders.

In connection with any Public Listing or Sale, the Company could either (i) assemble an internal management team, which would make future investment decisions and otherwise operate the Company, or (ii) continue the external management structure through the Adviser (or a subsidiary of the Adviser) and the Sub-Adviser. The Company also may reorganize into another legal entity in the same or a different jurisdiction. Due to legal, regulatory and/or other considerations, certain Shareholders may be unable to participate in a Public Listing or Sale. The Company also may elect, in its discretion, to list an entity comprised of only a portion of the Company's assets. At the time of the Public Listing or Sale, the acquisition program of the Company may provide for the Company to continue to make acquisitions (utilizing distributions of cash from existing assets, proceeds of sales of assets, leverage or proceeds from the issuance of new securities), or to solely or principally manage existing assets, to be determined in the sole discretion of the Company.

The Company may enter into an agreement with one or more Similar Vehicles to engage in a Public Listing or Sale on a joint basis, or to provide for various tag-along, drag-along, put or call rights, in connection with a Public Listing or Sale. While it is generally expected that any such agreements will benefit the Company by simplifying the management of an exit from assets held in common with such Similar Vehicles, the exercise of these rights could disadvantage the Company or one or more investors, and could result in an investor directly or indirectly receiving a lower price for its direct or indirect interest in the Company or its assets than it otherwise would have received.

In connection with any Public Listing or Sale, the current Advisory Fee (as defined below) and Sub-Advisory Fee (as defined below), in addition to the incentive fee structure, may be modified and/or replaced by a different compensation structure.

Valuations; Calculation of NAV

The Board maintains procedures intended to assure fair valuation of the Company's assets and liabilities and calculation of the monthly NAV of the Company and each class of Shares. Expenses attributable to a single class of Shares will be allocated solely to that class of Shares in determining the NAV of the relevant class of Shares. Various valuation methodologies may be applied over time, including holding properties at cost, valuation by reference to comparable properties, valuation by reference to actual or estimated cash flows and other reasonable methodologies. In addition, all properties will be appraised at least annually by an independent third party. Altus Group U.S. Inc. ("Altus"), a third-party

specialist in property valuations, will initially be engaged to review these annual appraisals and provide monthly independent valuations. Altus also will consider any other valuation methodologies that might be applied. Valuation recommendations and methodologies from the Adviser or the Sub-Adviser may be considered.

Advisory Fee and Sub-Advisory Fee	Subject to the Operating Expense Cap (defined below), the Company will pay an aggregate management fee equal to 1.75% of the Company's NAV per year payable monthly. 50% of the aggregate management fee will be paid to the Adviser as a monthly advisory fee (the "Advisory Fee"), calculated and payable monthly in arrears, equal to 50% of 1/12 of 1.75% of the NAV of the Company (0.875% annualized), calculated prior to any reduction for the Advisory Fee, the Sub-Advisory Fee (as defined below) and any Shareholder Servicing Fees, as of the close of business on the last day of the applicable calendar month, appropriately increased to reflect any distributions or repurchases of Shares. The Advisory Fee in respect of each calendar month will be paid by the Company to the Adviser within 30 days of the end of such month. 50% of the aggregate management fee will be paid to the Sub-Adviser as a monthly sub-advisory fee (the "Sub-Advisory Fee"), calculated and payable monthly in arrears, equal to 50% of 1/12 of 1.75% of the NAV of the Company (0.875% annualized), calculated prior to any reduction for the Advisory Fee, the Sub-Advisory Fee and any Shareholder Servicing Fees, as of the close of business on the last day of the applicable calendar month, appropriately increased to reflect any distributions or repurchases of Shares. The Sub-Advisory Fee in respect of each calendar month will be paid by the Company to the Sub-Adviser within 30 days of the end of such month.
Incentive Fee	The Company will pay an incentive fee to the Adviser and the Sub-Adviser. 50% of the incentive fee will be paid to the Adviser and 50% of the incentive will be paid to the Sub-Adviser. The aggregate amount of the incentive fee payable to the Adviser and the Sub-Adviser will be equal to 15% of the amount by which the Total Return (as defined below) exceeds the aggregate amount of capital invested in the Company and the Hurdle Amount (as defined below) (the "Incentive Fee"). The Incentive Fee will be paid to each of the Adviser and the Sub-Adviser at the same time as distributions are made to Shareholders, provided that the aggregate amount of the Returns to Shareholders (as defined below) have exceeded the aggregate amount of Contributions (as defined below) and the

Hurdle Amount through the date of such distributions.

The "Total Return" as of any date of calculation will be equal to the aggregate amount of Returns to Shareholders through such date.

"Returns to Shareholders" means all distributions to Shareholders that are made *pro rata* based on the NAV of the Shares (which NAV may vary between classes of Shares).

"Contribution" means the aggregate amount of the proceeds from the issuance of Shares on each date of issue of all classes of Shares on a collective basis.

The "Hurdle Amount" is calculated by applying a 5% annualized internal rate of return to each Contribution from the date such Contribution is received by the Company through the date on which the aggregate amount of Returns to Shareholders exceeds the amount of such Contribution (applying such Returns to Shareholders to such Contributions on a first-in, first-out basis). The Hurdle Amount is calculated with respect to the Company as a whole and not with respect to any Shareholder's investment or any class of Shares.

The Company will equitably calculate an accrued Incentive Fee on a monthly basis (calculated as if the Company were liquidated at the Company's NAV on that date and all proceeds were distributed as provided herein, and considering all prior Returns to Shareholders and the timing of each Contribution in calculating the Hurdle Amount as of such date). The deemed accrual will reduce the NAV of the Shares for all purposes, including for determining the price at which Shares may be acquired or repurchased and for calculating the amount of any Shareholder Servicing Fees payable with respect to each class of Shares.

The Company does not expect that the payment of the Incentive Fee will become due until its investments have been liquidated or sold. In the event of a Public Listing or Sale, which may occur sooner, the amount of the accrued Incentive Fee, as calculated above, will be payable in cash or, at the election of the Adviser or the Sub-Adviser, in Class O Shares issued to the Adviser or the Sub-Adviser equal in value to the applicable fee prior to its conversion. In addition, in the event of a repurchase of Shares, an Incentive Fee will be calculated and paid with respect to such repurchased Shares by treating such repurchase as if an amount of the Company's assets proportionate to such Shares (determined based on the NAV of such Shares compared to the NAV of the Company) were liquidated and distributed as of the date of such repurchase in accordance with the above.

The Incentive Fee arrangements may be modified and/or replaced in connection with a Public Listing or Sale. Also, to the extent consistent with the QOF program regulations, these incentive arrangements may be replaced with terms that provide for allocations of income or gain directly at the level of an Underlying Vehicle or at the level of an intermediate vehicle that could be formed to hold one or more Underlying Vehicles. These allocations could be received in the form of special partnership interests by the Adviser, the Sub-Adviser or their respective affiliated entities, but in all cases would not be intended to increase the amounts actually received by the Adviser or the Sub-Adviser relative to the incentive fee arrangements they would replace.

Upfront Selling Commissions; Shareholder Servicing Fees

Certain placement agents will be entitled to receive upfront selling commissions directly from Shareholders. These upfront selling commissions will be up to 3.5% of the transaction price of each Share sold. See "Summary of Principal Terms—Potential Opportunity Zone Tax Benefits" for the expected treatment of such fees.

Placement agents also may receive account fees, including servicing or similar ongoing fees (which may be fixed fees, fees calculated by reference to the value of a Shareholder's account with the placement agent or of the Shareholder's Shares, or other types of fees) from the Shareholder or from the Company. All or a portion of these commissions and/or fees may be used by the placement agents to compensate their financial advisers or other sales personnel.

Certain classes of Shares will bear fixed monthly fees that will be used by the Company to compensate placement agents for their services in connection with the distribution of such classes of Shares and for providing ongoing reporting, transaction processing, and other services on behalf of the Company with respect to the Shareholders that acquire such Shares (the "Shareholder Servicing Fees"). The Shareholder Servicing Fees for each class of Shares are set forth below:

- 0.85% per year of the aggregate NAV of outstanding Class L Shares
- 0.35% per year of the aggregate NAV of outstanding Class M Shares
- 0.15% per year of the aggregate NAV of outstanding Class N Shares
- Class O Shares will not be subject to any upfront

selling commissions or Shareholder Servicing Fees

No Shareholder Servicing Fees will be paid to placement agents that are affiliates of the Adviser or the Sub-Adviser. These fees may be modified or eliminated if there is a Public Listing or Sale.

Organizational Expenses

The Adviser has advanced all of the Company's organizational and offering expenses on the Company's behalf (including legal, accounting, printing, mailing and filing fees and expenses, due diligence expenses of participating broker-dealers supported by detailed and itemized invoices, costs in connection with preparing sales materials, design and website expenses, fees and expenses of any escrow agent and transfer agent, fees to attend retail seminars sponsored by participating broker-dealers and reimbursements for customary travel, lodging, and meals, but excluding upfront selling commissions) through the Initial Closing.

The Company will reimburse the Adviser for all advanced expenses in up to 60 equal monthly installments commencing on January 1, 2019, subject to the Operating Expense Cap. See the section of this Memorandum titled "Company Expenses" below.

Acquisition Expenses

The Company does not intend to pay the Adviser or the Sub-Adviser, or any of their affiliates, any acquisition, financing or other similar fees in connection with investments. The Company will, however, reimburse the Adviser or the Sub-Adviser, or any of their affiliates, for out-of-pocket expenses in connection with the selection, evaluation, structuring, acquisition, origination, financing and development of properties and real estate-related securities, whether or not the investments are acquired. These acquisition and broken-deal expenses generally will be allocated equitably as between the Company and potentially certain other accounts or parties (with allocations over time generally in proportion to the amount of capital invested (or in respect of broken-deal expenses, proposed to be invested) by each such party). See the section of this Memorandum titled "Company Expenses" below.

Fees for Other Services

The Company expects to retain third parties for necessary services relating to investments or operations, including administrative services, construction, special servicing, leasing, development, redevelopment, renovation, rehabilitation, property oversight, financing, brokerage and other property management services. Fees that may be paid to affiliates of the Adviser or the Sub-Adviser for any of these services are not currently anticipated and will be paid by the Company only with the consent of the Board. See the section of this

Memorandum titled "Company Expenses" below.

The Company has retained BNY Mellon Investment Servicing (U.S.) Inc. as transfer agent and administrator and Altus to assist with any appraisals or valuations of the Company's property investments.

Temporary Operating Expense Cap

The Adviser and the Sub-Adviser have entered into the Fee Waiver and Expense Reimbursement Agreement with the Company (the "Reimbursement Agreement") pursuant to which they have agreed to support an operating expense ratio that results in the Class O Shares bearing no more of the operating expenses (for the avoidance of doubt, this cap does not apply to Shareholder Servicing Fees, selling commissions and other placement expenses, Incentive Fees, interest, taxes, dividend expense, borrowing costs (including fees and expenses incurred in connection with arranging for such borrowings), brokerage and similar expenses, expenses of Underlying Vehicles, acquisition and deal monitoring expenses including research, travel and broken-deal expenses and extraordinary expenses) than an amount equal to 0.25% of NAV each month (3.00% per annum) (the "Operating Expense Cap"), through a date mutually agreed with the Company but no later than the last day of December 2021 (the "Reimbursement End Date"). As the Company allocates expenses on a Company-wide basis (other than class specific expenses, such as the Shareholder Servicing Fees) each class of Shares will benefit from the Operating Expense Cap even though it is measured by the impact on the Class O Shares expense ratio. For the avoidance of doubt, Shareholder Servicing Fees and other class specific expenses, if any, are not reduced by the Operating Expense Cap, and accordingly, will be in addition to the reduced amount.

Deferred amounts may be recovered by the Adviser and the Sub-Adviser at any time in the five years after such deferrals were made, provide that no such recovery causes the operating expenses to exceed the Operating Expense Cap for the period in question. See the section of this Memorandum titled "Company Expenses – Temporary Operating Expense Cap" below.

Termination of the Advisory Agreement

The Advisory Agreement will be terminated automatically upon the final termination of the Company (excluding any termination in connection with the restructuring of the Company pursuant to an "Exit Transaction" (as defined in the Advisory Agreement)).

The Advisory Agreement may be terminated: (i) by the Adviser at any time upon 90 days' prior written notice to the Company (provided that, notwithstanding the foregoing, such termination

will be effective upon the earliest of (x) the Sub-Adviser agreeing to replace the Adviser, (y) the Company identifying and retaining a suitable replacement adviser, or (z) the six-month anniversary of the date such written notice was provided to the Company); (ii) by the Board upon 30 days' prior written notice to the Adviser following the occurrence of a "SkyBridge Cause Event" (as defined in the Advisory Agreement); (iii) by the Board within a specified period of time following the receipt of notice of an uncured "SkyBridge Key Person Event" (as defined in the Advisory Agreement); or (iv) by the Board upon 30 day's prior written notice to the Adviser following a "Multiple SkyBridge Key Person Departure" (as defined in the Advisory Agreement).

The Advisory Agreement provides that it may not be assigned by any party without the prior written consent of the other party thereto; provided, however, that the consent of the Company shall not be required for any transaction that is not deemed an assignment under Rule 202(a)(1)-1 under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

Upon the receipt of any notice of termination of the Advisory Agreement, subject to the receipt of approval by the Board, and provided the Sub-Adviser agrees to perform the duties of the Adviser, the Sub-Adviser will become the sole adviser to the Company and will be entitled to receive the Advisory Fee and portions of the Incentive Fee that are not owed to the outgoing Adviser.

Termination of the Sub-Advisory Agreement

The Sub-Advisory Agreement may be terminated: (i) by the Sub-Adviser at any time upon 90 days' prior written notice to the Company (provided that, notwithstanding the foregoing, no such termination will be effective until the earlier of (x) such time as a suitable replacement sub-adviser has been identified and retained by the Company and the Adviser and (y) the six-month anniversary of the date such written notice was provided to the Company); (ii) by the Sub-Adviser upon 30 days' prior written notice to the Adviser and the Company following the occurrence of a "SkyBridge Cause Event" (as defined in the Sub-Advisory Agreement); (iii) by the Adviser and/or the Company upon 30 days' prior written notice to the Sub-Adviser following the occurrence of a "Sub-Adviser Cause Event" (as defined in the Sub-Advisory Agreement); (iv) by the Adviser within a specified period of time following the receipt of notice of an uncured "Key Person Event" (as defined in the Sub-Advisory Agreement); or (v) by the Adviser upon 30 day's prior written notice to the Sub-Adviser following a "Multiple Key Person Departure" (as defined in the Sub-Advisory Agreement).

The Sub-Advisory Agreement provides that it may not be assigned by any party without the prior written consent of the other parties thereto; provided, however, that the consent of the Company shall not be required for any transaction that is not deemed an assignment under Rule 202(a)(1)-1 under the Advisers Act, including any pledge by the Sub-Adviser of all or any portion of the fees payable under the Sub-Advisory Agreement.

Reports

Shareholders will be furnished with monthly reports. When required on an annual basis, Shareholders will also receive an IRS Form 1099-DIV and, where required, IRS Form 1099-B. Shareholders will also receive annual audited financial statements.

Limitation of Liability; Indemnification

Shareholders are not liable for any debt, claim, demand, judgment or obligation of any kind of, against or with respect to the Company by reason of being a Shareholder, nor will any Shareholder be subject to any personal liability whatsoever, in tort, contract or otherwise, to any person in connection with the assets or the affairs of the Company by reason of being a Shareholder.

Subject to any limitations under Maryland law, no director or officer of the Company will be liable to the Company or its Shareholders for money damages.

Subject to any limitations under Maryland law or in the Advisory Agreement or the Sub-Advisory Agreement, the Company will indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (i) any individual who is a present or former director, member of an Investment Committee or officer of the Company and who is made or threatened to be made a party to or witness in a proceeding by reason of his or her service in that capacity, or (ii) any individual who, while a director, member of an Investment Committee or officer of the Company and at the request of the Company, serves or has served as a director, member of an investment committee, officer, partner, member, manager or trustee of another corporation, REIT, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise and who is made or threatened to be made a party to or witness in a proceeding by reason of his or her service in that capacity.

Risk Factors

For additional risks, see the section of this Memorandum titled "Certain Risk Factors."

SHAREHOLDERS SHOULD NOT EXPECT TO

RECEIVE SUFFICIENT CASH DISTRIBUTIONS FROM THE COMPANY TO SATISFY ANY PORTION OF THEIR TAX OBLIGATIONS, INCLUDING THOSE RELATED TO ELIGIBLE CAPITAL GAINS DEFERRED BY THEIR INITIAL INVESTMENT IN THE COMPANY, WHICH ARE DEFERRED, AT THE LATEST, UNTIL 2026.

Potential Conflicts of Interest

Investment vehicles managed by the Adviser invested seed capital into certain investment vehicles managed by an affiliate of the Sub-Adviser, and those investment vehicles and an Adviser affiliate who also invested negotiated for certain rights in connection with the seed investment. The investment vehicles managed by an affiliate of the Sub-Adviser are in their harvest periods or liquidation periods. Among other things, the extent of these business relationships may affect the objectivity of the Adviser in evaluating the performance of the Sub-Adviser with respect to the Company. Other conflicts of interest may arise with respect to this interrelationship and may disadvantage the Company in certain situations.

For additional potential conflicts of interest, see the section of this Memorandum titled “Potential Conflicts of Interest.”

Amendments

The Company reserves the right from time to time to make any amendment to the Charter, including any amendment altering the terms or contract rights, as expressly permitted in the Charter, of any Shares. All rights and powers conferred by the Charter on Shareholders, directors and officers are granted subject to this reservation. Except for those amendments permitted to be made without Shareholder approval under Maryland law, any amendment to the Charter will be valid only if declared advisable by the Board and approved by the affirmative vote of a majority of all votes entitled to be cast on the matter, including, without limitation, any amendment that would adversely affect the rights, preferences and privileges of the Shareholders. Any amendment to the Charter that would alter the provisions of the Charter for the removal of directors will be valid only if declared advisable by the Board and approved by the affirmative vote of two-thirds of all votes entitled to be cast on the matter. However, the Shareholders’ Agreement requires that Shareholders vote in accordance with the recommendation of the Board with respect to all Charter amendments that do not materially and adversely affect the terms of the Shares.

Each of the Advisory Agreement and the Sub-Advisory Agreement require the prior written consent of each of the Adviser and the Sub-Adviser, respectively, for material amendments or supplements to the Organizational Documents.

Legal Counsel

Shearman & Sterling LLP ("Shearman & Sterling") acts as counsel to the Adviser in connection with this offering of Shares and with respect to ongoing advice to the Adviser and its affiliates. Schulte Roth & Zabel LLP ("Schulte Roth") is acting as legal counsel to the Sub-Adviser in connection with the offering of Shares and with respect to ongoing advice to the Sub-Adviser and its affiliates. Venable LLP ("Venable") acts as special Maryland counsel to the Company. Shearman & Sterling, Schulte Roth and Venable will not be representing Shareholders in connection with any of the above. No independent counsel has been retained by the Company or the Adviser to represent the Shareholders.

Auditor

The financial statements of the Company will be audited by KPMG LLP ("KPMG"), or another certified public accountant of similar standing selected by the Company from time to time, as of the end of each fiscal year of the Company.

Tax Adviser

KPMG also serves as tax adviser to the Company.

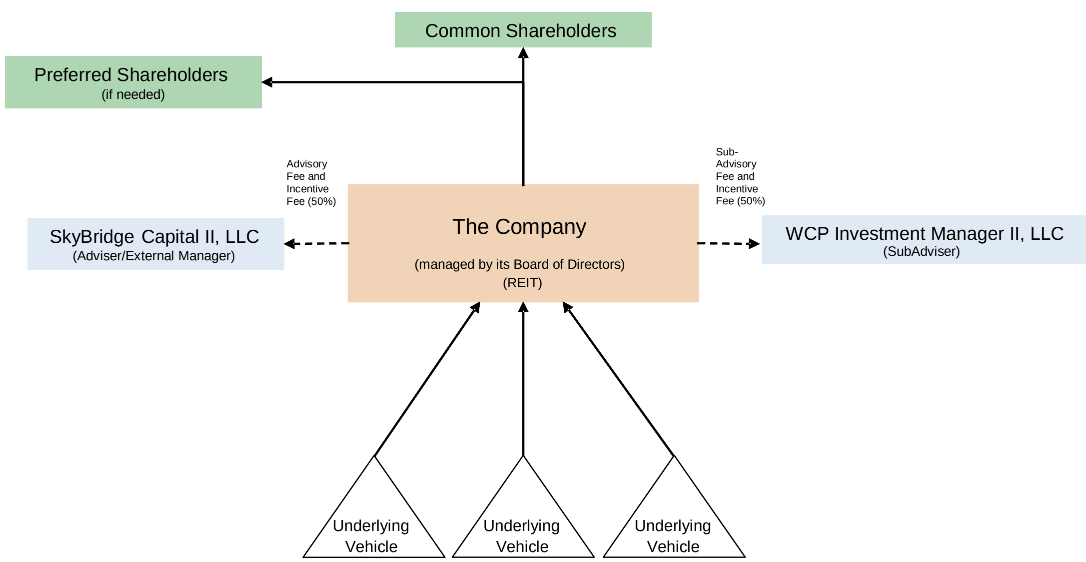
THE COMPANY AND THE UNDERLYING VEHICLES

The Company

The Company was formed on September 14, 2018 as a Maryland corporation and intends to qualify as a REIT for U.S. federal income tax purposes. The Company amended and restated its charter and bylaws in the form of the Charter and Bylaws in January 2019. The Company's principal office is located at 527 Madison Avenue, 16th Floor, New York, New York 10022, and its telephone number is (212) 485-3100.

Structure

The following illustrates the Company's current ownership structure and its relationship with the Adviser, the Sub-Adviser and the Underlying Vehicles. The Underlying Vehicles generally will hold "qualified opportunity zone property" as detailed under the heading "Property Acquisition Program." In addition to the Company, investors in the Underlying Vehicles may include other investment vehicles managed by the Sub-Adviser, developers, joint venture partners and other persons.



COMPANY MANAGEMENT

The Company is managed by the Board. Subject to the supervision of the Board, the Adviser will perform all acts required to carry out the activities and objectives of the Company, except as otherwise stated in the Charter, the Advisory Agreement and the Sub-Advisory Agreement. The Adviser and the Company delegate day-to-day management of the Company's property acquisition program to the Sub-Adviser pursuant to the Sub-Advisory Agreement.

The Board and Executive Officers

The Board will consist of five directors, at least three of whom will be considered "independent" under standards for independence to be agreed by the directors from time to time (each, an "Independent Director"). The directors are divided into five classes. At each annual meeting of the Shareholders (commencing with the first annual meeting after the Initial Closing), the Shareholders will elect one class of directors. Directors elected by the Shareholders will serve five-year terms and until their respective successors are duly elected and qualify. The Charter and Bylaws provide that one director will be designated by the Adviser, one director will be designated by the Sub-Adviser and the remaining directors will be Independent Directors that are designated by the Continuing Directors. These rights will continue after a public listing on a national securities exchange of the Shares but will terminate in connection with (i) any disposal of all or substantially all of the Company's assets, whether in a single transaction or a series of related transactions, or (ii) any mergers, consolidations or other business combination transactions. The Adviser's or the Sub-Adviser's right to designate a director will terminate if the Adviser or the Sub-Adviser, as applicable, ceases to be the Company's adviser or sub-adviser.

The officers of the Company are elected by the Board to actively supervise the Company's day-to-day operations.

The Company's directors and officers are as follows:

Name	Position
Raymond C. Nolte	Director and President
Marian Curtis	Director
Morris A. Davis	Independent Director
Alan Rothenberg	Independent Director
Darren Thompson	Independent Director
Christopher Hutt	Vice President
A. Marie Noble	Vice President
Robert J. Phillips	Treasurer
Brahm Pillai	Secretary

Raymond C. Nolte — Director and President. Ray Nolte is a Partner and the Co-Chief Investment Officer of SkyBridge. He is also Chairman of the Manager Selection, Portfolio Allocation and Real

Estate Investment committees. Prior to SkyBridge's acquisition of the Hedge Fund Management Group ("HFMG") of Citigroup Alternative Investments, LLC ("CAI") in June 2010, Mr. Nolte served as Chief Executive Officer and Chief Investment Officer of HFMG as well as Chairman of its Investment Committee. Earlier, Mr. Nolte worked at Deutsche Bank ("DB"), where he served as the Global Head and CIO of the DB Absolute Return Strategies ("ARS") Fund-of-Funds business, Chairman of its Investment Committee and Vice Chairman of DB ARS and Head of the Single Manager Hedge Fund business. Mr. Nolte started his career at Bankers Trust Company in 1983 and was named head of Global Portfolio Management in 1994. He launched the bank's Fund-of-Funds group in 1996. Mr. Nolte received his B.B.A. in Finance from George Washington University.

Marian Curtis – Director. Marian Curtis is a Senior Vice President of Westport Capital Partners. Ms. Curtis joined Westport in 2011 and is responsible for aspects of the due diligence, acquisition, management, financing and disposition of the firm's property investments. Before joining Westport, Ms. Curtis was an attorney at the law firm of Goodwin Procter LLP for over four and a half years, where she represented domestic and foreign investors, fund sponsors, institutional investment advisors and investment banks in a variety of real estate transactions. Prior to Goodwin Procter, Ms. Curtis was an attorney at the law firm of Herrick, Feinstein LLP for two years. Ms. Curtis holds a B.A. in Sociology magna cum laude from Bowdoin College and a J.D. cum laude from Brooklyn Law School. Ms. Curtis is admitted to the New York State Bar and is registered as Authorized House Counsel in Connecticut.

Morris A. Davis — Independent Director. Professor Morris A. Davis is the Paul V. Profeta Chair of Real Estate and the Academic Director of the Center for Real Estate Studies at the Rutgers Business School. Previously, Dr. Davis was the James A. Graaskamp Chair of Real Estate in the Department of Real Estate at the University of Wisconsin-Madison and was the Academic Director of the James A. Graaskamp Center for Real Estate. Dr. Davis is an adjunct scholar at the American Enterprise Institute and is an independent director of the American Capital Agency Corporation (ticker: AGNC) mortgage REIT. Earlier in his career, Dr. Davis was an economist at the Federal Reserve Board where he routinely briefed Alan Greenspan on housing and macroeconomics. Dr. Davis is widely published on issues related to the U.S. housing markets and has developed price indexes for land in residential use. Dr. Davis is regularly interviewed by NPR Marketplace, Bloomberg Radio, the Wall Street Journal, and the New York Times on house prices and housing markets and is a frequent lecturer at universities and central banks around the world. Dr. Davis holds a Ph.D. in Economics from the University of Pennsylvania.

Alan Rothenberg — Independent Director. Mr. Rothenberg is Chairman of 1st Century Bank, an independent bank he founded on the west side of Los Angeles serving, professionals, entrepreneurs, small businesses and high net worth individuals. He also is Chairman of Premier Partnerships, a company that maximizes revenues for professional, collegiate and municipal arenas, stadiums, theaters, buildings and other properties through the sale of naming rights and sponsorships. In his legal career he was managing partner in Manatt, Phelps, Rothenberg and Phillips and a partner in Latham and Watkins before he retired in 2000. He was President of the State Bar of California and a member of the Board of the Century City and Beverly Hills Bar associations. He currently acts as an Arbitrator in major business disputes. In the corporate world he has served on the Board of several banks and Zenith National (NYSE), Arden Realty (NYSE) and CPK (NASDAQ). In the sports world he was Commissioner of Soccer in the 1984 Olympics, President of the United States Soccer Federation, Chairman and CEO of the 1994 FIFA World Cup in the United States, Chairman of the FIFA 1999 Women's World Cup in the United States, Founder of Major League Soccer and the United States Soccer Foundation. He has also served as counsel for and executive with the NBA and several teams including the L.A. Lakers, L.A. Kings and L.A. Clippers. In community activities, among others he has served as Chairman of the Constitutional Rights Foundation, The Fraternity of Friends of the Music Center, Los Angeles Sports Council, Los Angeles Chamber of Commerce, Los Angeles Tourism and Convention Board and Los Angeles World Airways (LAX). Mr. Rothenberg received a B.A. degree from the University of Michigan and a Juris Doctor degree, with distinction, from

the University of Michigan Law School where he served as Assistant Editor on the University of Michigan Law School Law Review.

Darren Thompson — Independent Director. Darren Thompson has more than 25 years of executive leadership experience in the financial services and real estate industries. Mr. Thompson is currently the CFO of Bowery Farming, a leading tech-enabled indoor vertical farming company based in New York. Mr. Thompson was formerly the President of Spruce Finance, a technology enabled consumer finance company serving the energy efficiency and solar marketplace. Mr. Thompson was formerly the CFO and EVP of Strategy for B2R Finance and Lending.com, both Blackstone owned real estate lending companies. He is also an advisory partner to RailField Realty Partners LLC, an apartment investment and asset management company. Mr. Thompson was President of Avenue Mortgage Corp., the real estate investment subsidiary of Avenue Capital Group, a New York-based fixed-income hedge fund. He formerly served as a trustee and Audit Committee chairman for Avenue Capital Group's public credit mutual funds, and he is a trustee and Audit Committee chairman for Boulevard Acquisition Corp., a publicly traded, special-purpose acquisition company. Mr. Thompson served as a regional judge for the White House Fellows Program and is a former member of the governing board of the Robert Toigo Foundation (the leading organization in promoting diversity in the financial services industry). Mr. Thompson graduated from Harvard College with honors in biochemistry and has an M.B.A. from Harvard Business School.

Christopher Hutt — Vice President. Christopher Hutt is a Partner and the Head of Hedge Fund Administration and Operations at SkyBridge. Mr. Hutt is responsible for managing the operations for the SkyBridge product suite and is also the product manager for the fund of hedge fund products and managed accounts. Prior to this role, Mr. Hutt was Director of Hedge Fund Operations within the HFMG at CAI. Prior to joining CAI in 2004, Mr. Hutt held various product management positions at Morgan Stanley & Co. and JPMorgan Chase over an eight-year span. Mr. Hutt received a B.A. from the State University of New York at Cortland.

A. Marie Noble — Vice President. Marie Noble is a Partner, Chief Compliance Officer and General Counsel at SkyBridge. Prior to joining SkyBridge in November 2010, Ms. Noble was an Associate General Counsel at CAI, where she was lead counsel supporting various hedge fund platforms managed by Citi's registered investment adviser. Ms. Noble joined Citi in 2006 after spending six and a half years practicing corporate law in the New York and London Offices of Cleary, Gottlieb, Steen & Hamilton, where her primary focus was on domestic and international securities transactions. Ms. Noble is a member of the board of directors of Volunteer Lawyers for the Arts, a preeminent legal aid organization providing pro bono legal representation to artists, designers and nonprofit arts and cultural organizations. Ms. Noble received a B.A. degree magna cum laude and Phi Beta Kappa from Bucknell University and a Juris Doctor degree cum laude from Boston University where she served as Note Editor on the Boston University Law Review.

Robert J. Phillips — Treasurer. Robert Phillips is a Partner and the Chief Financial Officer at SkyBridge. Prior to joining SkyBridge in 2007, Mr. Phillips served as the Executive Vice-President and Chief Financial Officer of two investment management companies—Lucerne Management, LLC and Coventry Capital, LLC. Prior to 2001, Mr. Phillips served as the Executive Vice-President and Chief Financial Officer of a publicly held bio-pharmaceutical contract service organization where he was responsible for all finance, accounting, SEC reporting, and investor relation functions. Mr. Phillips began his career as an auditor and spent eight years with BDO Seidman, LLP, a national professional services firm which provides assurance, tax, financial advisory and consulting services to a wide range of publicly traded and privately held companies. Mr. Phillips earned a B.A. degree in Accounting from Upsala College in 1984 and is a certified public accountant.

Brahm Pillai — Secretary. Brahm Pillai is a Director and Senior Product Manager at SkyBridge. At SkyBridge, Mr. Pillai is responsible for portfolio operations and trade execution, as well as daily operational management of SkyBridge fund of hedge fund and separate account products for retail and institutional clients. In addition to his product management role, Mr. Pillai also chairs the SkyBridge Young Leaders Circle (SYLC), which is an organization dedicated to promoting financial and geopolitical leadership among students and graduates. Prior to joining SkyBridge in July 2010, Mr. Pillai was Vice President and Senior Product Manager at the HFMG within CAI, where he was similarly responsible for all product management activities pertaining to fund of hedge funds and separate accounts. Before joining CAI in October 2005, Mr. Pillai was a paralegal in the structured finance division of Thacher Proffitt & Wood LLP. Mr. Pillai received an M.B.A. from The Samuel Curtis Johnson School of Business at Cornell University and a B.A. in Business & Media from the Gallatin School at New York University.

The Adviser

The Adviser is an alternative investment manager with approximately $9.1 billion in assets under management or advisement as of December 31, 2018. The Adviser's predecessor, SkyBridge Capital, LLC, was founded in 2005 by Anthony Scaramucci to provide hedge fund seeding services to new and emerging hedge fund managers. Mr. Scaramucci previously co-founded Oscar Capital Management, a managed account business with four hedge funds and more than $800 million of assets, which he sold to Neuberger Berman in 2001. Funding to develop the original business was provided in part by MSD Capital (the family office of Michael Dell).

In May 2008, SkyBridge Capital, LLC and Challenger Financial Services Group announced a strategic partnership and the formation of the Adviser. The Adviser is a Limited Liability Company, organized in Delaware and registered as an investment adviser with the U.S. Securities and Exchange Commission ("SEC"). In January 2009, the principals of the Adviser purchased MSD Capital's interest in SkyBridge Capital, LLC. In June 2010, the Adviser acquired CAI's Hedge Fund Management Group ("HFMG"). A copy of Part 1 of the Adviser's Form ADV is available on the SEC's website (www.adviserinfo.sec.gov). A copy of Part 2A of the Adviser's Form ADV has been attached hereto. A copy of Part 2B of Adviser's Form ADV will be provided to Shareholders or prospective Shareholders upon request.

The members of the Adviser's investment team are as follows:

Name	Position
Raymond C. Nolte	Partner and Co-Chief Investment Officer
Troy A. Gayeski	Partner and Co-Chief Investment Officer
Robert W. Duggan	Partner, Senior Portfolio Manager
Daniel Barile	Partner, Portfolio Manager, Senior Investment Analyst
Tatiana Segal	Partner, Head of Risk Management

Biographies of key members of the Adviser and its investment team are as follows:

Raymond C. Nolte — Partner & Co-Chief Investment Officer. See above section, "Company Management—The Board and Executive Officers."

Brett S. Messing — Partner, President. Brett S. Messing is a Partner and the President of SkyBridge. He began his career at Goldman Sachs where he held various positions including Vice President and Co-Head of the Restricted Stock Group. Thereafter, he was a partner at Oscar Capital Management, which was acquired by Neuberger Berman, LLC. Following the successful integration of the business, Mr. Messing founded GPS Partners, a $2.5 billion hedge fund at its peak, which focused primarily in the energy infrastructure sector. Mr. Messing was the firm's Managing Partner and Chief Investment Officer. Thereafter, Mr. Messing worked for Los Angeles Mayor Antonio R. Villariagosa as Co-Chief Operating Officer responsible for economic and business policy. Mr. Messing served as a Senior Advisor to Mayor Michael R. Bloomberg at C40 Cities, a joint venture with the Clinton Climate Initiative. Mr. Messing is the Terence M. Considine Visiting Senior Research Fellow in Law, Economics, and Business at Harvard Law School. He is the co-author of The Forewarned Investor and contributed to Learning from the Global Financial Crisis – Creatively, Reliably and Sustainably, a compendium published by Stanford Business School. Mr. Messing received his A.B. from Brown University, magna cum laude, and his Juris Doctor from Harvard Law School.

Troy A. Gayeski, CFA — Partner & Co-Chief Investment Officer. Troy A. Gayeski, CFA is a Partner and the Co-Chief Investment Officer of SkyBridge. As Co-Chief Investment Officer, Mr. Gayeski has oversight of all of the firm's investment activities, including its discretionary portfolios and institutional separate accounts. He is also a member of the Portfolio Allocation and Real Estate Investment committees. A regular speaker and commentator, Mr. Gayeski appears as a frequent guest on various broadcast networks including Bloomberg News and Fox Business Network. Mr. Gayeski's responsibilities include portfolio management, manager sourcing, research and due diligence across a wide variety of alternative investment strategies. Prior to joining SkyBridge in June 2010, he performed similar duties in the HFMG at CAI, Bank of America and Yankee Advisers. Mr. Gayeski received a B.S. in Chemical Engineering from MIT and is a CFA charterholder.

Robert W. Duggan, CFA — Partner, Senior Portfolio Manager. Robert W. Duggan, CFA is a Partner and Senior Portfolio Manager at SkyBridge. As Senior Portfolio Manager, Mr. Duggan has oversight of the firm's discretionary portfolios and institutional separate accounts. He is also a member of the Portfolio Allocation and Real Estate Investment committees. Mr. Duggan's responsibilities include portfolio management, manager sourcing, research and due diligence across a wide variety of alternative investment strategies. Prior to joining SkyBridge in June 2010, Mr. Duggan performed the same function in the HFMG at CAI. Before joining CAI, he was a senior analyst at International Asset Management ("IAM"), where he was responsible for sourcing and monitoring the firm's U.S.-based hedge fund investments across a broad range of investment strategies. Prior to IAM, Mr. Duggan held research analyst roles at Northern Trust Global Advisors and Alpha Investment Management. Mr. Duggan received a B.A. in Economics from Fordham University and is a CFA charterholder.

Daniel Barile, CFA — Partner, Portfolio Manager, Senior Investment Analyst. Daniel Barile, CFA is a Partner, Portfolio Manager and Senior Investment Analyst at SkyBridge. As a Portfolio Manager, Mr. Barile is responsible for oversight of the Company. As a Senior Investment Analyst, Mr. Barile is responsible for manager sourcing, research and due diligence across a wide variety of alternative investment strategies. He is also a member of the Real Estate Investment committee. Prior to joining SkyBridge in June 2010, Mr. Barile was responsible for manager due diligence in the HFMG at CAI. Prior to joining CAI, Mr. Barile covered traditional and alternative asset managers from a variety of perspectives at Fitch Ratings and Merrill Lynch Investment Managers (now BlackRock). Mr. Barile

received a B.S. in Management with a concentration in Finance from Binghamton University and holds the Chartered Financial Analyst (CFA) and Chartered Alternative Investment Analyst (CAIA) designations.

Tatiana Segal — Partner, Head of Risk Management. Tatiana Segal is a Partner and the Head of Risk Management at SkyBridge. She is also a member of the Manager Selection, Portfolio Allocation and Real Estate Investment committees. Leveraging over 20 years of experience with both buy-side and sell-side firms, Ms. Segal is responsible for design and implementation of SkyBridge's risk management framework, as well as ongoing risk management at both the portfolio and underlying manager levels. Prior to joining SkyBridge in 2011, she was a Managing Director and Chief Risk Officer at Cerberus Capital Management. Before joining Cerberus, she held a Chief Risk Officer position with Diamond Lake Investment Group and previously worked at CAI, where she was responsible for an independent risk oversight of a multi-billion hedge funds and fund-of-funds portfolio. She commenced her career at BlackRock after graduating from Columbia University with a B.A. in Economics.

Each of Mr. Nolte, Mr. Gayeski, Mr. Duggan, Mr. Barile and Ms. Segal serves on the Adviser's investment committee in respect of the Company.

The Advisory Agreement

Authority of the Adviser

Subject to the oversight of the Board, the terms of the Advisory Agreement, any Company restrictions or guidelines (the "Guidelines"), and consistent with the investment program of the Company, the Advisory Agreement provides that the Adviser has the authority on behalf of the Company to, among other things:

- select, monitor, invest, reinvest, dispose of and otherwise deal with the assets comprising the Company's portfolio;
- directly or indirectly invest the assets of the Company in real estate and real estate related assets;
- take any actions that the Adviser determines, in its sole discretion, to be necessary or advisable in order to cause the Company to qualify as a QOF (for so long as such designation is applicable) and as a REIT;
- with respect to prospective acquisitions, purchases, sales, exchanges or other dispositions of assets, conduct negotiations on the Company's behalf with sellers, purchasers, and other counterparties and determine the structure and terms of such transactions;
- negotiate and enter into, on the Company's behalf, financing arrangements (including one or more asset-based or other credit facilities) in connection with the Company's activities;
- maintain a portion of the Company's assets in cash or invest the cash balances of the Company in cash equivalents or other capital preservation instruments the Adviser deems appropriate;
- advise the Company in connection with policy decisions to be made by the Board or changes to the Guidelines;
- with the assistance of the Sub-Adviser, conduct property analyses and market and economic surveys, review projections of income and operating expenses, propose and execute individual

asset management plans for each qualified opportunity zone property or other assets held by the Company, and prepare portfolio-wide analyses and reports;

- engage on behalf of the Company and/or the Underlying Vehicles personnel or entities that the Adviser may deem necessary or advisable in fulfillment of the purposes of the Company;

- enter into custodial arrangements, contracts or arrangements for or in connection with investments, and open, maintain and close accounts with banks;

- to the extent permitted by applicable law, cause the Company to engage in agency, agency cross and principal transactions following the prior written consent of the Board;

- supply the service providers to the Company with such information and instructions as may be necessary to enable such persons to perform their duties in accordance with the applicable agreements;

- provide such administrative services as the Adviser may deem necessary or advisable from time to time, including potentially assisting with the valuation of the assets held by the Company, any Underlying Vehicle and any independent appraisal process;

- authorize any employee or other agent of the Adviser to act for and on behalf of the Company in all matters incidental to the foregoing and consistent with the terms of this Agreement;

- delegate any and all of its investment, advisory or other rights, powers and functions to one or more of its affiliates;

- enter into the Sub-Advisory Agreement with the Sub-Adviser appointing the Sub-Adviser to source and manage the real estate investments of the Company, including structuring and managing the Underlying Vehicles and finding and retaining third-party operating partners, and to delegate those of its rights, powers and functions as are reasonably necessary or advisable for the Sub-Adviser to perform its obligations under the Sub-Advisory Agreement;

- in the event of the termination of the Sub-Advisory Agreement or resignation of the Sub-Adviser, retain a replacement sub-adviser and enter into a sub-advisory agreement with such replacement sub-adviser;

- do any and all acts on behalf of the Company, and exercise all rights of the Company, with respect to the Company's interests in any person, including the voting of investments, participation in arrangements with creditors, the institution and settlement or compromise of suits and administrative proceedings and all other like or similar matters;

- at all times before a Public Listing or Sale, other than a Public Listing or Sale that is the listing of the Company's common stock on a national securities exchange, designate the Adviser Designee (as defined below) to be nominated as a director of the Company;

- bring and defend actions and proceedings at law or equity and before any governmental, administrative or other regulatory agency, body or commission and participate in the institution and settlement or compromise of any such actions and proceedings and all other like or similar matters; and

- do such other acts as the Adviser may deem necessary, incidental, convenient or advisable in connection with the foregoing or otherwise in connection with the management of the Company's assets.

Duration and Termination of the Advisory Agreement

The Advisory Agreement continues in full force and effect until terminated in writing; provided, that the Advisory Agreement will automatically terminate upon the final termination of the Company (excluding any termination in connection with the restructuring of the Company pursuant to an "Exit Transaction" (as defined in the Advisory Agreement)).

The Adviser may terminate the Advisory Agreement at any time upon 90 days' written notice to the Company; provided that, notwithstanding the foregoing, such termination shall be effective upon the earliest of (i) the Sub-Adviser agreeing to replace the Adviser, (ii) the Company identifying and retaining a suitable replacement adviser, or (iii) the six month anniversary of the date such written notice was provided to the Company. The Board may terminate the Advisory Agreement upon 30 days' prior written notice to the Adviser following the occurrence of a "SkyBridge Cause Event" (as defined in the Advisory Agreement).

The Board may terminate the Advisory Agreement within a specified period of time following the receipt of notice of an uncured "SkyBridge Key Person Event" (as defined in the Advisory Agreement) and upon 30 day's prior written notice to the Adviser immediately following a "Multiple SkyBridge Key Person Departure" (as defined in the Advisory Agreement).

Upon the receipt of any notice of termination of the Advisory Agreement, subject to the receipt of approval by the Board, and provided the Sub-Adviser agrees to perform the duties of the Adviser, the Adviser's investment authority over the Company shall terminate as of the effective date of the termination, and the Adviser shall cooperate to promptly transfer control of the Company's investments to the Sub-Adviser; thereafter, the Sub-Adviser will be the sole adviser to the Company and will be entitled to receive the Advisory Fee and portions of the Incentive Fee that are not owed to the outgoing Adviser. Upon any termination of the Advisory Agreement, (i) the Company shall pay the Advisory Fee prorated through the effective date of the termination and shall reimburse the Adviser for all unpaid expenses; and (ii) the Adviser shall be entitled to receive an adjusted amount of the Incentive Fee determined in respect of any investments made or committed through (but not after) the effective date of termination.

The Advisory Agreement provides that it may not be assigned without the prior written consent of the Company; provided, however, that the consent of the Company shall not be required for any transaction that is not deemed an assignment under Rule 202(a)(1)-1 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Any approval of the assignment of the Advisory Agreement will be made by the Board and no Shareholder approval will be required.

Limitation of Liability and Indemnification

The Advisory Agreement provides that none of the Adviser, members of the Adviser's investment committee, persons controlling, controlled by or under common control with any of the foregoing, or any of their respective direct or indirect directors, members, stockholders, partners, officers, employees or controlling persons (each an "Adviser Indemnified Person") shall be liable to the Company or to the Shareholders for (i) any act or omission performed or failed to be performed by such person, or for any losses, claims, costs, damages, or liabilities arising therefrom or any tax liability or penalty imposed on the Company, any subsidiary of the Company or other entity in which the Company invests, directly or indirectly, or any Shareholder, including as a result of the Company's failure to qualify as a QOF or the

inability of a Shareholder to be able to take advantage of any or all of the tax benefits in respect thereof; other than as a result of any Adviser Indemnified Person's fraud, willful misconduct, bad faith, gross negligence or criminal wrongdoing, (ii) any losses due to the actions or omissions of any brokers or other agents of the Company selected, retained and monitored by the Adviser with reasonable care, or (iii) any losses due to the actions or omissions of the Sub-Adviser under the Sub-Advisory Agreement (including any predecessor or successor sub-adviser in connection with any sub-advisory agreement with such person).

The Advisory Agreement will be available to prospective investors upon request.

The Sub-Adviser

WCP Investment Manager II, LLC (the "Sub-Adviser") is a newly formed entity that is affiliated with Westport Capital Partners LLC ("Westport"). Westport was founded in 2005 by Russel S. Bernard and has offices in Wilton, Connecticut and Los Angeles, California. Westport's senior investment team (the "Investment Team") is comprised of Russel S. Bernard, Sean F. Armstrong, Wm. Gregory Geiger, Jordan Socaransky, Peter Aronson and Marc Porosoff, who collectively have over 100 years of experience in real estate investment, management, consulting and brokerage services. Over the past 23 years, the Investment Team has capitalized on distressed and opportunistic investment opportunities in real properties, mortgages, corporate debt secured by real estate and securities of real estate companies. The Investment Team has a wealth of experience, a strong international reputation and an extensive network of industry relationships.

Westport's real estate team, since its formation in 2005, has invested over $3.1 billion in over 125 real estate equity and debt investments.

The members of the Investment Team will provide the Company with the benefit of their extensive experience in real estate investment, asset management and capital markets. The team members are proud that their strong investment performance has been achieved as a result of their expertise as real estate professionals, and not just from financial engineering. They have spent most of their careers investing in and managing real estate assets in all phases of the market cycle. The team members' strong analytical skills and capital markets experience, along with their long-established contacts in the real estate and financial communities, should enable the Company to structure investments to optimize value.

The longevity and the cohesiveness of the Investment Team has enabled them to develop a unique working environment for an institutional investment firm – an entrepreneurial culture that emphasizes creativity and new ideas while at the same time invoking discipline, conservatism and integrity as core values. In addition to the Investment Team, the Company will benefit from the Sub-Adviser's experienced team of professionals dedicated to the sourcing, underwriting, acquisition, development, management, administration, strategic planning, marketing and realization of investments.

The members of the Sub-Adviser's investment committee are as follows:

Name	Position
Russel S. Bernard	Managing Principal
Sean F. Armstrong	Principal
Wm. Gregory Geiger	Principal

Jordan Socaransky	Principal
Peter Aronson	Principal
Marc Porosoff	Principal and General Counsel

Investment Professionals

Russel S. Bernard — Managing Principal. Prior to founding Westport in 2005, Mr. Bernard was a Principal at Oaktree and the Portfolio Manager for Oaktree's real estate funds. He was responsible for the management of a series of closed-end real estate funds with over $2 billion in total committed capital. Prior to joining Oaktree in 1995, Mr. Bernard was a Managing Director at TCW and Portfolio Manager of the TCW Special Credits Distressed Mortgage Fund. Prior to that, he was a partner at Win Properties, Inc., a national real estate investment company, for eight years. Before joining Win Properties, Mr. Bernard was with Time Equities, Inc., a New York real estate company, for three years. He began his career as a Staff Accountant at Price Waterhouse in New York. Mr. Bernard has been on several corporate and university and charity boards. Mr. Bernard holds a B.S. in Business Management and Marketing from Cornell University.

Jordan Socaransky — Principal. Prior to joining Westport in 2006, Mr. Socaransky spent four years as an associate in the real estate group at Oaktree. His experience includes the acquisition, management and disposition of both property and debt investments. Prior to Oaktree, Mr. Socaransky was an Analyst in Salomon Smith Barney's Global Real Estate and Lodging Investment Banking Group for two years, specializing in mergers, acquisitions and capital raising. Mr. Socaransky holds an Honors Business Administration Degree from the Richard Ivey School of Business at the University of Western Ontario, Canada.

Sean F. Armstrong, CFA — Principal. Prior to joining Westport in 2006, Mr. Armstrong was a Managing Director at Oaktree and one of the real estate group's senior professionals. His responsibilities included the acquisition and management of numerous property and debt investments, and he participated in several complex asset-level and company-level debt restructurings. Mr. Armstrong also spearheaded Oaktree's real estate investments in Japan and Europe. Prior to joining Oaktree in 1995, Mr. Armstrong was a Vice President in the TCW Special Credits real estate group. Mr. Armstrong was among the first professionals hired at the creation of the Special Credits real estate group in 1994. Before joining the real estate group, Mr. Armstrong worked for two years as a credit analyst in TCW's high yield bond group. During that time, Mr. Armstrong developed very strong credit analysis skills, which were employed in the analysis of many investment opportunities in the TCW and Oaktree real estate funds. Mr. Armstrong was formerly a director of Lodgian, Inc., a Delaware corporation that was listed on the American Stock Exchange. Mr. Armstrong graduated with a B.S. in Biomedical Engineering magna cum laude from the University of Southern California, where he was elected to Phi Beta Kappa. He went on to earn an M.B.A. in Finance magna cum laude, also from the University of Southern California. He is a Chartered Financial Analyst.

Wm. Gregory Geiger — Principal. Before joining Westport in 2006, Mr. Geiger was a Managing Director at Oaktree and one of the real estate group's senior professionals. He was principally responsible for making property investments, including several large development and entitlement projects that required complex negotiations with private and governmental agencies to achieve successful outcomes. He also has worked on numerous debt restructurings that have required resolving bankruptcy and other litigation issues. Mr. Geiger joined Oaktree in 1995 after serving as a Vice President in the TCW Special Credits real estate group. Prior to joining TCW, Mr. Geiger spent two years with the national real estate consulting and brokerage firm of Julien J. Studley, Inc. and six years with Langdon

Rieder Corporation, a Los Angeles-based consulting firm, where he represented corporate clients in the acquisition of office and industrial facilities. Mr. Geiger holds a B.S. in Mechanical Engineering from Cornell University and an M.B.A. in Real Estate Finance from the Anderson School of Management at UCLA. Mr. Geiger is a licensed Professional Engineer and an instrument rated pilot.

Peter Aronson, Esq. — Principal. Before joining Westport in 2006, Mr. Aronson was a Managing Director at Oaktree's Japanese and German affiliates. Mr. Aronson joined Oaktree in 1998 and helped lead Oaktree's real estate efforts in Japan and Germany. Mr. Aronson helped open Oaktree's Tokyo office in 1998, where he worked until 2004 when he moved to Oaktree's Frankfurt office. In both locations, Mr. Aronson was responsible for leading the sourcing, underwriting, acquisition, management and disposition of both distressed debt and property investments. His experience dealing with multiple cultures, legal regimes and foreign business practices make him invaluable to Westport's overseas efforts. Prior to joining Oaktree, Mr. Aronson was an associate for five years at the law firm of Paul, Hastings, Janofsky & Walker LLP, where his practice focused on general real estate transactions. Mr. Aronson received a B.A. degree magna cum laude from The American University and a J.D. cum laude from Georgetown University Law Center. He is a member of the State Bar of California.

Howard B. Fife — Principal and Head Trader. Prior to joining Westport in 2006, Mr. Fife worked in the institutional high yield and distressed debt department at Jefferies & Co. At Jefferies, Mr. Fife worked with some of the largest hedge funds, providing trading and investment ideas. From 1994 to 2000, he worked at Lazard, Freres & Co. in their distressed debt sales and trading group, finishing as a Director and Sales Manager. In 2002, Mr. Fife was part of the team that successfully launched the Lazard Debt Recovery Fund, a vehicle that focused on investments in distressed corporate debt. From 1985 to 1994, he worked as an institutional bond salesman for Prudential Securities and DLJ, focusing on distressed and corporate debt, respectively. At Westport, Mr. Fife continues to use his contacts around Wall Street and the investment community to generate investment ideas. Mr. Fife holds a B.A. from Brown University and an M.B.A. from the Leonard N. Stern School of Business at New York University.

Legal

Marc Porosoff, Esq. — Principal and General Counsel. Before joining Westport in 2006, Mr. Porosoff was a Senior Vice President, Legal in the real estate group at Oaktree. At Oaktree, Mr. Porosoff was primarily responsible for legal aspects of the due diligence, acquisition, management, financing and disposition of the real estate group's domestic and international property and debt investments. Prior to joining Oaktree in 1996, Mr. Porosoff was an associate at the law firm of Debevoise & Plimpton for five years, specializing in real estate and corporate matters. Mr. Porosoff holds a B.A. in Economics from Wesleyan University and a J.D. from the University of Chicago Law School. Mr. Porosoff is admitted to the New York State Bar and is registered as Authorized House Counsel in Connecticut.

Marian Curtis, Esq. — Senior Vice President, Legal. See above section, "Company Management—The Board and Executive Officers."

Administration

Steven A. Russell — Principal and Chief Administrative Officer. Prior to joining Westport in 2005, Mr. Russell spent seven years as the Global Chief Information Officer for Christie's, where he had responsibility for planning and executing an IT strategy in support of maintaining Christie's prominence as the world's largest and most prestigious auction house. Prior to joining Christie's, Mr. Russell was the Vice President of Information Services with the American Society of Composers, Authors, and Publishers (ASCAP) where he was responsible for information technology with particular emphasis on executing a strategy in support of a corporate re-engineering effort. Before ASCAP, Mr. Russell was with Bankers

Trust Company, managing the design, development, and maintenance of a variety of systems which provided domestic cash management services to the bank's corporate customers. Mr. Russell received a B.S. in Computing and Information Science and an M.S. in Information Science, both from Lehigh University.

Westport Real Estate Funds Performance[6]

Westport Real Estate Funds as of Dec 31, 2018	**Vintage**	**Committed**	**Drawn**	**Returned**(1)	**Leverage**(2)	**Gross IRR**(3)	**Net IRR**(4)	**Net Multiple**(5)
WCP Special Core Plus Fund II, L.P.(6)	2019	$77.6	22%	0%	70.68%	16.45%	13.12%	1.08
WCP Special Core Plus Fund, L.P.	2015	$236.7	94%	8%	57.21%	13.33%	9.20%	1.18
WCP NewCold, L.P.(7)	2015	$357.7	90%	0%	32.82%	12.49%	10.10%/9.59%	1.19/1.18
WCP Real Estate Fund IV, L.P. and WCP Real Estate Fund IV (ERISA), L.P.(8)	2014	$314.0	93%	0%	39.50%	12.46%	9.07%	1.18
WCP Real Estate Fund III(B), L.P. and WCP Real Estate Fund III(C), L.P.	2012	$43.7	100%	35%	28.48%	10.36%	7.41%	1.37
WCP Real Estate Fund III, L.P. and WCP Real Estate Fund III(A), L.P.(9)	2011	$571.2	93%	59%	27.88%	13.89%	9.09%	1.41
WCP Real Estate Fund II(B), L.P.	2010	$82.6	100%	128%	29.60%	13.49%	9.09%	1.43
WCP Real Estate Fund II, L.P. and WCP Real Estate Fund II(A), L.P.(10)	2008	$310.0	100%	129%	22.81%	12.55%	8.26%	1.46
WCP Real Estate Fund I, L.P.(11)	2006	$261.9	100%	90%	48.21%	0.62%	-1.36%	0.92

(1) "Returned" is the percentage of the limited partners' committed capital for the applicable fund that has been distributed to such limited partners and is not recallable.

(2) "Leverage" is equal to the total leverage for the fund as of December 31, 2018, divided by the sum of the fund's Gross Asset Value as of December 31, 2018 and the total leverage for the fund as of December 31, 2018.

(3) "Gross IRR" is the IRR before fees for limited partners in the applicable fund and is based on (i) actual cash flows for limited partners in the applicable fund through December 31, 2018, and (ii) a terminal value equal to such limited partners' capital balance as of December 31, 2018.

6 The returns presented as of December 31, 2018 are unaudited and subject to adjustment pending the completion of the audit for fiscal year 2018.

DISCLAIMER: The performance shown is the past performance of certain closed-end private equity real estate funds ("WCP PE Funds") managed by WCP Investment Manager, LLC or Westport Capital Partners LLC, which are affiliates of the Sub-Adviser. The performance information shown is not representative of the performance of the Company. While the WCP PE Funds' performance is in many respects not comparable to the Company, both the Company and the WCP PE Funds are dedicated to holding and investing in real estate. The WCP PE Funds have been managed pursuant to a different investment strategy, focus, liquidity profile, structure and restrictions than the Company. Potential investors should understand the inherent limitations of the performance information shown and will not rely on this performance information in making an investment decision with respect to the Company. Potential investors are encouraged to ask questions and further information is available upon request. Past performance is not indicative of future results.

(4) "Net IRR" is the IRR after fees for limited partners in the applicable fund and is based on (i) actual cash flows for limited partners in the applicable fund through December 31, 2018, and (ii) a terminal value equal to such limited partners' capital balance as of December 31, 2018.

(5) "Net Multiple" is the amount equal to (x) the sum of (i) all cash distributed to limited partners in the applicable fund and (ii) the remaining net asset value of the fund, divided by (y) the amount of limited partner committed capital that has been drawn.

(6) WCP Special Core Plus Fund II, L.P. is still in its marketing period and is raising capital.

(7) WCP NewCold, L.P. has two different carried interest fees for its limited partners. For Net IRR and Net Multiple, the first figure represents performance for investors that are paying a reduced carried interest fee. The second figure represents the performance for investors that are paying the standard carried interest fee.

(8) WCP Real Estate Fund IV, L.P. invests in parallel with WCP Real Estate Fund IV (ERISA), L.P. and the two funds have substantially the same investments and cash flows. Performance metrics shown for WCP Real Estate Fund IV, L.P.

(9) WCP Real Estate Fund III(A), L.P. invests in parallel with WCP Real Estate Fund III, L.P. and the two funds have substantially the same investments and cash flows. Performance metrics shown for WCP Real Estate Fund III, L.P.

(10) WCP Real Estate Fund II(A), L.P. invests in parallel with WCP Real Estate Fund II, L.P. and the two funds have substantially the same investments and cash flows. Performance metrics shown for WCP Real Estate Fund II, L.P.

(11) WCP Real Estate Fund I, L.P. invested between 2006 and early 2008 in the period leading up to the Global Financial Crisis.[7]

The Sub-Advisory Agreement

Authority of the Sub-Adviser

The Sub-Adviser has been engaged to source and manage investments on behalf of the Company. Notwithstanding the foregoing, the Adviser will make the ultimate determination as to whether to consummate any investment on behalf of the Company. The Sub-Adviser will manage the investments of the Company in accordance with the applicable business and/or development plan agreed between the Adviser and the Sub-Adviser, but will not exercise any right on behalf of the Company to dispose of, transfer, sell or engage in a material modification of any investment of the Company, without the prior approval of the Adviser.

Duration and Termination of the Sub-Advisory Agreement

The Sub-Advisory Agreement continues in full force and effect until terminated in writing.

The Sub-Adviser may terminate the Sub-Advisory Agreement at any time upon 90 days' prior written notice to the Company. However, no such termination will be effective until the earlier of (i) such time as a suitable replacement sub-adviser has been identified and retained by the Company and the Adviser, and (ii) the six-month anniversary of the date such written notice was provided to the Company. The Sub-

[7] The returns presented as of December 31, 2018 are unaudited and subject to adjustment pending the completion of the audit for fiscal year 2018.

DISCLAIMER: The performance shown is the past performance of certain closed-end private equity real estate funds ("WCP PE Funds") managed by WCP Investment Manager, LLC or Westport Capital Partners LLC, which are affiliates of the Sub-Adviser. The performance information shown is not representative of the performance of the Company. While the WCP PE Funds' performance is in many respects not comparable to the Company, both the Company and the WCP PE Funds are dedicated to holding and investing in real estate. The WCP PE Funds have been managed pursuant to a different investment strategy, focus, liquidity profile, structure and restrictions than the Company. Potential investors should understand the inherent limitations of the performance information shown and will not rely on this performance information in making an investment decision with respect to the Company. Potential investors are encouraged to ask questions and further information is available upon request. Past performance is not indicative of future results.

Adviser may also terminate the Sub-Advisory Agreement upon 30 days' prior written notice to the Adviser and the Company upon a "SkyBridge Cause Event" (as defined in the Sub-Advisory Agreement).

The Adviser and/or the Company may terminate the Sub-Advisory Agreement upon 30 days' prior written notice to the Sub-Adviser following the occurrence of a "Sub-Adviser Cause Event" (as defined in the Sub-Advisory Agreement). The Adviser may terminate the Sub-Advisory Agreement within a specified period of time following the receipt of notice of an uncured "Key Person Event" (as defined in the Sub-Advisory Agreement) and upon 30 day's prior written notice to the Sub-Adviser immediately following a "Multiple Key Person Departure" (as defined in the Sub-Advisory Agreement).

Upon the termination of the Sub-Advisory Agreement: (i) the Sub-Adviser's authority over the Company will terminate as of the effective date of the termination, and the Sub-Adviser and the Adviser will cooperate to promptly transfer control of the Company's investments (including the Company's interests in Underlying Vehicles) to the Adviser; (ii) the Company will pay the Sub-Advisory Fee prorated through the effective date of the termination and will reimburse the Sub-Adviser for all unpaid expenses; and (iii) the Sub-Adviser will be entitled to receive an adjusted amount of the Incentive Fee determined in respect of any investments made or committed through (but not after) the effective date of termination.

The Sub-Advisory Agreement provides that it may not be assigned without the prior written consent of the other parties thereto; provided, however, that the consent of the Company shall not be required for any transaction that is not deemed an assignment under Rule 202(a)(1)-1 under the Advisers Act, including any pledge by the Sub-Adviser of all or any portion of the fees payable under the Sub-Advisory Agreement. Any approval of the assignment of the Sub-Advisory Agreement will be made by the Board and no Shareholder approval will be required.

Limitation of Liability and Indemnification

The Sub-Advisory Agreement provides that none of the Sub-Adviser, members of the Sub-Adviser's investment committee, persons controlling, controlled by or under common control with any of the foregoing, or any of their respective direct or indirect directors, members, stockholders, partners, officers, employees or controlling persons (each a "Sub-Adviser Indemnified Person") shall be liable to the Adviser, the Company or the Shareholders for (i) any act or omission performed or failed to be performed by such person, or for any losses, claims, costs, damages, or liabilities arising therefrom, other than as a result of any Sub-Adviser Indemnified Person's fraud, willful misconduct, bad faith, gross negligence or criminal wrongdoing, (ii) any tax liability or penalty imposed on the Company, any subsidiary of the Company or other entity in which the Company invests, directly or indirectly, any Shareholder, or the Adviser, including as a result of the Company's failure to qualify as a QOF or a REIT or the inability of a Shareholder to be able to take advantage of any or all of the tax benefits in respect thereof, other than as a result of any Sub-Adviser Indemnified Person's fraud, bad faith or criminal wrongdoing, (iii) any losses due to the actions or omissions of any brokers or other agents selected, retained and monitored by the Sub-Adviser with reasonable care, or (iv) any losses due to the actions or omissions of the Adviser under the Advisory Agreement.

The Sub-Advisory Agreement will be available to prospective investors upon request.

Registration Status

Because of the real estate focused activities of the Company, the Sub-Adviser is not currently required to register under the Advisers Act, and has not currently so registered. Affiliates of the Sub-Adviser are registered under the Advisers Act and the Sub-Adviser may, but is not required to, register under the Advisers Act in the future.

Prior Sub-Adviser

At its launch, the Company was sub-advised by another organization. The prior sub-adviser resigned from its appointment in January 2019 and has assisted with facilitating transfer of the Company's management to the Sub-Adviser. In conjunction with that resignation, the prior sub-adviser's designee to the Company's Board of Directors also resigned and was replaced by a designee of the Sub-Adviser. At the same time, the Company withdrew from what was then its sole underlying property investment in order to permit the prior sub-adviser to take over management of that property.

The prior sub-adviser's resignation was not connected to any known violation of any standard of care due from the sub-adviser, or from any known failing of the prior sub-adviser to perform its obligations to the Company, the Adviser or any other party. In order to protect the interests of the Company, the Company has agreed to various broadly phrased releases that have been obtained from the prior sub-adviser, the prior board member and the underlying investment and certain mutual releases were provided to those parties by the Company and the Adviser. Claims by those parties associated with their prior relationships with the Company, or in connection with future investment activity, are unlikely at this juncture but cannot be ruled out.

OTHER SERVICE PROVIDERS

Administration Services

BNY Mellon Investment Servicing (U.S.) Inc., a subsidiary of The Bank of New York Mellon, Inc. serves as the administrator of the Company (the "Administrator"). Subject to the termination provisions of the administration agreement between the Company and the Administrator (the "Administration Agreement"), the Company may replace the Administrator or retain another party to provide administrative services in its sole discretion. Under the Administration Agreement, the Administrator will perform all general administrative tasks for the Company, including registrar, transfer agency, accounting, NAV calculation and other administrative services, and is permitted to delegate any or all of its duties to a reputable agent.

The Administrator will receive fees from the Company based upon the nature and extent of the services provided by the Administrator to the Company.

Under the Administration Agreement, the Administrator will not be responsible for any loss or damage suffered by the Company with respect to any matter, unless the same results from an act of gross negligence, fraud or willful misconduct on the part of the Administrator. The Administrator generally will be liable for the Company's direct damages to the extent they result from the Administrator's fraud, gross negligence or willful misconduct in performing its duties under the Administration Agreement.

The Company will indemnify the Administrator and its affiliates and nominees, and its and their respective officers, directors, employees and agents (the "Administrator Indemnitees"), against, and hold them harmless from, any liabilities, losses, claims, costs, damages, penalties, fines, obligations and expenses (including reasonable attorneys', accountants, consultants' or experts' fees and disbursements) (collectively "Liabilities") that may be imposed upon, incurred by or asserted against any of the Administrator Indemnitees in connection with or arising out of the Administrator's performance under the Administration Agreement, provided that the Administrator Indemnitees have not acted with gross negligence or engaged in fraud or willful misconduct in performing its duties under the Administration Agreement.

The Administration Agreement will continue until terminated by the Company or the Administrator upon 90 days' written notice (subject to other grounds for termination).

BNY Mellon Investment Servicing (U.S.) Inc. also serves as custodian for the Company's escrow, operating and custody accounts.

Placement Agents

Shares will be sold only to investors qualifying as "Eligible Investors" as described in "Subscriptions for Shares—Eligible Investors." One or more third-party placement agents or other intermediaries (the "Placement Agents") may be appointed from time to time and will serve in that capacity on a reasonable best efforts basis, subject to various conditions. Hastings Capital Group, LLC ("Hastings"), an affiliate of the Adviser, is expected to be a Placement Agent. Other entities that may be affiliated with the Adviser may also serve as Placement Agents in the future. Upfront selling commissions to compensate the Placement Agents are paid by the Shareholder in addition to the Shareholder's subscription amount. Because they are retained by the Placement Agent, any upfront selling commissions will not constitute a capital contribution made by the Shareholder to the Company and will not be part of the assets of the Company. It is expected that Hastings will only sell Class O Shares and will receive no upfront selling commissions or Shareholder Servicing Fees for the sale of Class O Shares. In cases in which Shares are

sold directly by Hastings, Hastings generally expects to rely on third parties to verify that an investor is an "Eligible Investor." See "Subscriptions for Shares—Eligible Investors."

Auditor

The Company's financial statements will be audited by KPMG or another auditor of similar standing selected by the Company. KPMG's office is located at 345 Park Avenue, New York, NY 10154.

Tax Adviser

KPMG also serves as tax adviser to the Company.

Legal Counsel

Shearman & Sterling acts as counsel to the Adviser and certain of its affiliates. Schulte Roth is acting as legal counsel to the Sub-Adviser and certain of its affiliates. Venable acts as special Maryland counsel to the Company. Shearman & Sterling, Schulte Roth and Venable will not be representing Shareholders. No independent counsel has been engaged by the Company to represent Shareholders.

None of Shearman & Sterling, Schulte Roth or Venable has assumed any obligation to update this Memorandum or to monitor any party's ongoing compliance with any of the terms, policies, procedures, guidelines, laws, rules, regulations or other obligations described or referenced in this Memorandum. There may exist other matters as to which Shearman & Sterling, Schulte Roth and Venable have not been consulted, one or more of which could materially affect the operations of the Company. Additionally, Shearman & Sterling, Schulte Roth and Venable have relied upon information furnished to them by the Adviser and the Sub-Adviser, and their affiliates, and have not investigated or verified the accuracy and completeness of information set out in this Memorandum concerning the Company, the Adviser, the Sub-Adviser, other service providers or any of their affiliates and personnel.

COMPANY EXPENSES

Organizational Expenses

The Adviser has advanced all of the Company's organizational and offering expenses on the Company's behalf through the Initial Closing. These expenses include: organizational expenses and the initial and ongoing expenses incurred in connection with the offer and sale of Shares, including legal, accounting, printing, mailing and filing fees and expenses, expenses relating to compliance-related matters and regulatory filings relating to the Company's activities, due diligence expenses of participating broker-dealers supported by detailed and itemized invoices, marketing costs and other costs in connection with preparing sales materials, design and website expenses, fees and expenses of any escrow agent and transfer agent, fees to attend retail seminars sponsored by participating broker-dealers and reimbursements for customary travel, lodging, and meals, but excluding upfront selling commissions, expenses relating to the Organizational Documents and the subscription agreements or other agreements entered into with any Shareholders, as well as expenses relating to the review and processing of subscription agreements and related documentation with respect to prospective subscriptions for Shares, any modification to or supplement of such documents, any distribution of such documentation to the Shareholders and prospective Shareholders and certain costs associated with the Company complying with such agreements or legal requirements applicable to particular Shareholders.

The Company will reimburse the Adviser for all advanced expenses in up to 60 equal monthly installments commencing on January 1, 2019, subject to the Operating Expense Cap.

Operating Expenses

The Company will also bear all of its operating expenses, including:

- the Advisory Fee and the Sub-Advisory Fee;
- the Shareholder Servicing Fees;
- fees and expenses of the Company's administrator and any other service company retained to provide administrative services to the Company; legal expenses; regulatory expenses (including regulatory and shareholder reporting); professional fees (including fees and expenses of consultants and experts) relating to acquisitions; accounting, auditing and tax compliance and preparation expenses; expenses of other agents of the Company; taxes and governmental fees; travel expenses (including all lodging, transportation, meals and entertainment expenses in furtherance of the Company's ongoing activities); expenses relating to transfers and withdrawals of Shares (although, as determined by the Company in its sole discretion, the Company may require the transferor or the transferee of Shares to pay the expenses relating to the transfer); fees and out-of-pocket expenses of any service company retained to provide accounting and bookkeeping services to the Company; brokerage expenses; quotation or valuation expenses (including fees and expenses of any third parties engaged to provide valuation or appraisal services to the Company);
- fees and expenses of third-party service providers, including those retained to provide portfolio monitoring services or research services or software (e.g., Altus Group U.S. Inc.) incurred in connection with the operation and/or management of the Company;
- acquisition expenses (e.g., expenses which the Adviser or the Sub-Adviser determines to be related to the acquisitions of the Company, including, among others, all expenses relating to

identifying, investigating, evaluating, purchasing, acquiring, selecting, making, financing, hedging, developing, negotiating, structuring and disposing of acquisitions (including fees, costs and expenses related to the organization or maintenance of any Underlying Vehicles and any other investment related to the Company's property acquisition program); costs of appraisal services (including obtaining an independent valuation of acquisitions or other assets); due diligence and research expenses (including market research used to assess and inform various sector and geographical targets and the attendance at conferences in connection with the evaluation of future acquisitions); sourcing (including referral fees, success fees, origination fees, finder's fees and other compensation paid to third-party senior advisers, sourcing partners and/or operating partners); fees and expenses of property managers, developers, contractors and service providers; development fees; construction and construction management fees; special servicing fees; property oversight and other property management fees; asset management fees; finance origination fees; refinancing fees; leasing fees; expenses relating to purchasing and operating risk analytical software for use by the Company; fees or commissions of any futures commission merchant; brokerage commissions; clearing and settlement charges; custodial fees and expenses; expenses relating to reorganizations, restructurings and workouts involving investments; costs and charges for equipment or services used in communicating information regarding the Company's transactions between the Board and the Company's custodian or other agents; expenses of the board of directors; expenses related to any preferred shareholders; REIT and QOZ compliance expenses; preferential allocations or distributions to other members or investors in Underlying Vehicles; bank service fees; interest expenses; borrowing costs; broken-deal expenses; and extraordinary expenses;

- insurance premiums (including insurance purchased by the Company to cover the Adviser, the Sub-Adviser, their related persons when acting for the Company, and the Company's directors and officers); costs incurred in connection with any claim, litigation, arbitration, mediation, government investigation or dispute in connection with the business of the Company or the Underlying Vehicles and the amount of any judgment or settlement paid in connection therewith, or the enforcement of the Company's or the Underlying Vehicles' rights against any person; costs and expenses for indemnification or contribution payable by the Company to any person (including pursuant to the indemnification obligations described in this Memorandum); all costs and expenses incurred as a result of the reorganization, dissolution, winding up or termination of the Company or any of the Underlying Vehicles;

- costs and expenses associated with any research, third-party examinations or audits by regulatory or other similar authorities or as requested by Shareholders that are related to the Company's activities, including the costs associated with the production and review of materials requested in examinations or audits; and

- expenses incurred in connection with exit opportunities, including expenses related to a Public Listing or Sale or alternative transactions as may be agreed from time to time.

Fees for Other Services

The Company expects to retain third parties for necessary services relating to investments or operations, including administrative services, construction, special servicing, leasing, development, redevelopment, renovation, rehabilitation, property oversight, financing, brokerage and other property management services. Fees that may be paid to affiliates of the Adviser or the Sub-Adviser for any of these services are not currently anticipated and will be paid by the Company only with the consent of the Board.

Temporary Operating Expense Cap

The Adviser and the Sub-Adviser have entered into the Fee Waiver and Expense Reimbursement Agreement with the Company (the "Reimbursement Agreement") pursuant to which they have agreed to support an operating expense ratio that results in the Class O Shares bearing no more of the operating expenses (for the avoidance of doubt, this cap does not apply to Shareholder Servicing Fees, selling commissions and other placement expenses, Incentive Fees, interest, taxes, dividend expense, borrowing costs (including fees and expenses incurred in connection with arranging for such borrowings), brokerage and similar expenses, expenses of Underlying Vehicles, acquisition and deal monitoring expenses including research, travel and broken-deal expenses and extraordinary expenses) than an amount equal to 0.25% of NAV each month (3.00% per annum) (the "Operating Expense Cap"), through a date mutually agreed with the Company but no later than the last day of December 2021 (the "Reimbursement End Date"). As the Company allocates expenses on a Company-wide basis (other than class specific expenses, such as the Shareholder Servicing Fees) each class of Shares will benefit from the Operating Expense Cap even though it is measured by the impact on the Class O Shares expense ratio. For the avoidance of doubt, Shareholder Servicing Fees and other class specific expenses, if any, are not reduced by the Operating Expense Cap, and accordingly, will be in addition to the reduced amount.

In order to effect the foregoing, each of the Adviser and the Sub-Adviser have agreed to defer the collection of the Advisory Fee and Sub-Advisory Fee until operating expenses are less than the Operating Expense Cap, and the Adviser has agreed to bear any operating expenses of the Company in excess of the Operating Expense Cap through the Reimbursement End Date. Deferred amounts may be recovered by the Adviser and the Sub-Adviser at any time in the five years after such deferrals were made, provided that no such recovery causes the operating expenses to exceed the Operating Expense Cap for the period in question. For the avoidance of doubt, this limitation on recovery will apply in periods after the Reimbursement End Date, notwithstanding that the Operating Expense Cap will not apply in such periods for new operating expenses.

Each of the Company, the Adviser and the Sub-Adviser have entered into the Reimbursement Agreement to provide that expenses that benefit the Company and all holders of the Shares over time are equitably borne between early and later investors in the Company and not disproportionally borne by early investors.

ADVISORY FEES AND INCENTIVE FEE

The Company will pay an aggregate management fee equal to 1.75% of the Company's NAV per year payable monthly.

Advisory Fee

In consideration of the advisory services provided by the Adviser to the Company, 50% of the aggregate management fee (reduced by the Operating Expense Cap, if applicable) will be paid to the Adviser as a monthly advisory fee (the "Advisory Fee"), calculated and payable monthly in arrears, equal to 50% of 1/12 of 1.75% of the NAV of the Company (0.875% annualized), calculated prior to any reduction for the Advisory Fee, the Sub-Advisory Fee (as defined below) and any Shareholder Servicing Fees, as of the close of business on the last day of the applicable calendar month, appropriately increased to reflect any distributions or repurchases of Shares. The Advisory Fee in respect of each calendar month will be paid by the Company to the Adviser within 30 days of the end of such month.

Sub-Advisory Fee

In consideration of the sub-advisory services provided by the Sub-Adviser to the Company, 50% of the aggregate management fee (reduced by the Operating Expense Cap, if applicable) will be paid to the Sub-Adviser as a monthly sub-advisory fee (the "Sub-Advisory Fee"), calculated and payable monthly in arrears, equal to 50% of 1/12 of 1.75% of the NAV of the Company (0.875% annualized), calculated prior to any reduction for the Advisory Fee, the Sub-Advisory Fee and any Shareholder Servicing Fees, as of the close of business on the last day of the applicable calendar month, appropriately increased to reflect any distributions or repurchases of Shares. The Sub-Advisory Fee in respect of each calendar month will be paid by the Company to the Sub-Adviser within 30 days of the end of such month.

Each of the Advisory Fee and the Sub-Advisory Fee will be paid out of and will reduce the Company's net assets. Net assets for these purposes means the total value of all assets of the Company, less an amount equal to all accrued debts, liabilities and obligations of the Company.

Incentive Fee

The Company will pay an incentive fee to the Adviser and the Sub-Adviser. 50% of the incentive fee will be paid to the Adviser and 50% of the incentive will be paid to the Sub-Adviser.

The aggregate amount of the incentive fee payable to the Adviser and the Sub-Adviser will be equal to 15% of the amount by which the Total Return (as defined below) exceeds the aggregate amount of capital invested in the Company and the Hurdle Amount (as defined below) (the "Incentive Fee"). The Incentive Fee will be paid to each of the Adviser and the Sub-Adviser at the same time as distributions are made to Shareholders, provided that the aggregate amount of the Returns to Shareholders (as defined below) have exceeded the aggregate amount of Contributions (as defined below) and the Hurdle Amount through the date of such distributions.

The "Total Return" as of any date of calculation will be equal to the aggregate amount of Returns to Shareholders through such date.

"Returns to Shareholders" means all distributions to Shareholders that are made *pro rata* based on the NAV of the Shares (which NAV may vary between classes).

“Contribution” means the aggregate amount of the proceeds from the issuance of Shares on each date of issue of all classes on a collective basis.

The “Hurdle Amount” is calculated by applying a 5% annualized internal rate of return to each Contribution from the date such Contribution is received by the Company through the date on which the aggregate amount of Returns to Shareholders exceeds the amount of such Contribution (applying such Returns to Shareholders to such Contributions on a first-in, first-out basis). The Hurdle Amount is calculated with respect to the Company as a whole and not with respect to any Shareholder’s investment or any class of Shares.

The Company will equitably calculate an accrued Incentive Fee on a monthly basis (calculated as if the Company were liquidated at the Company’s NAV on that date and all proceeds were distributed as provided herein, and considering all prior Returns to Shareholders and the timing of each Contribution in calculating the Hurdle Amount as of such date). The deemed accrual will reduce the NAV of the Shares for all purposes, including for determining the price at which Shares may be acquired or repurchased and for calculating the amount of any Shareholder Servicing Fees payable with respect to each class of Shares.

The Company does not expect that the payment of the Incentive Fee will become due until its investments have been liquidated or sold. In the event of a Public Listing or Sale, which may occur sooner, the amount of the accrued Incentive Fee, as calculated above, will be payable in cash or, at the election of the Adviser or the Sub-Adviser, in Class O Shares issued to the Adviser or the Sub-Adviser equal in value to the applicable fee prior to its conversion. In addition, in the event of a repurchase of Shares, an Incentive Fee will be calculated and paid with respect to such repurchased Shares by treating such repurchase as if an amount of the Company’s assets proportionate to such Shares (determined based on the NAV of such Shares compared to the NAV of the Company) were liquidated and distributed as of the date of such repurchase in accordance with the above.

In the event of a Public Listing or Sale, or upon the repurchase of Shares, the Incentive Fee may be based on unrealized gains. There can be no assurance that such unrealized gains will, in fact, ever be recognized. Furthermore, the valuation of unrealized gain and loss may be subject to material subsequent revision.

Potential Changes to Incentive Arrangements

The Incentive Fee arrangements may be modified and/or replaced in connection with a Public Listing or Sale. Also, to the extent consistent with the QOF program regulations, these incentive arrangements may be replaced with terms that provide for allocations of income or gain directly at the level of an Underlying Vehicle or at the level of an intermediate vehicle that could be formed to hold one or more Underlying Vehicles. These allocations could be received in the form of special partnership interests by the Adviser, the Sub-Adviser or their respective affiliated entities, but in all cases would not be intended to increase the amounts actually received by the Adviser or the Sub-Adviser relative to the incentive fee arrangements they would replace.

SUBSCRIPTIONS FOR SHARES

Subscription Terms

The initial closing for Shareholder subscriptions (the "Initial Closing") occurred on December 3, 2018. Additional closings for Shareholder subscriptions generally will be held on the first business day of every month until the end of 2021, and may, at the discretion of the Adviser, be held on other days, provided that the Company or its designated agents may, in its or their sole discretion, suspend subscriptions for Shares at any time and from time to time.

Any amounts received in advance of a closing will be placed in an escrow account with an escrow agent prior to the applicable Shareholder's investment in the Company. Such amounts may be held in escrow for up to 120 days. The investor must also submit a completed subscription agreement, which contains a joinder to the Shareholders' Agreement, and any other required documentation, before the applicable subscription date, which must be received by the Company at least five business days prior to the proposed subscription date (or, if that date is not a business day, the immediately preceding business day). The payment for the subscription of Shares must be received by the Company no later than three business days prior to the proposed closing. The Company reserves the right to reject any subscription for Shares, and the Company or its designated agents may, in its or their sole discretion, suspend subscriptions for Shares at any time and from time to time.

To assist the Company in meeting its "know your customer" obligations, subscriptions generally will be accepted only from investors having brokerage accounts with an approved Placement Agent, and are subject to the receipt of cleared funds from the account, prior to the applicable subscription date and in the full amount of the subscription. Cleared funds must be received by the Company no later than three business days prior to the particular subscription date (or, if any date is not a business day, the immediately preceding business day). Although the Company or its designated agents may accept, in its or their sole discretion, a subscription prior to receipt of cleared funds or subject to different timing than noted above, an investor may not become a Shareholder until cleared funds have been received.

Shares of each class are offered at NAV per Share of such class of Shares, and each Share subscribed for represents a capital investment in the Company in that amount. The minimum initial investment from each investor is $100,000 (not including the upfront selling commissions, which are paid separately as described below). Additional subscriptions must be made in a minimum amount of $25,000. These minimum amounts also may be reduced by the Company or its designated agents with respect to individual investors or classes of investors (for example, with respect to certain key employees, officers or directors of the Company, the Adviser, the Sub-Adviser or their affiliates). The Company reserves the right to accept subscriptions of lesser amounts in its sole discretion. Financial intermediaries may require a higher initial investment amount than described above.

In connection with certain larger subscriptions, the Adviser and/or the Sub-Adviser reserve the right to contribute a portion of the purchase price of the Shares; this is intended to provide an incentive for the potential investor to subscribe for the Shares. For the avoidance of doubt, the NAV of all Shares of the same class will be the same regardless of whether the Adviser and/or the Sub-Adviser have contributed such amounts to the Company in respect of some of those Shares.

Purchases of Shares will be payable in one installment and will be debited directly by any approved Placement Agent, on behalf of the Company, from each investor's brokerage account (unless other arrangements are permitted by the Company or its designated agents).

Each potential investor must represent and warrant in a subscription agreement, among other things, that the investor is an "Eligible Investor" as described below and is purchasing Shares for his, her or its own account, and not with a view to the distribution, assignment, transfer or other disposition of the Shares. In cases in which Shares are sold directly by Hastings, Hastings generally expects to rely on third parties to verify that an investor is an "Eligible Investor."

Eligible Investors

Each prospective investor in the Company will be required to certify that the Shares subscribed for are being acquired for the account of an "accredited investor" as defined in Regulation D under the Securities Act. Investors who are "accredited investors" as defined in Regulation D (generally, individuals having a net worth of at least $1 million not including the value of a primary residence, or earning at least $200,000 in each of the past two years, or entities having total assets of at least $5 million, entities all of whose beneficial owners are themselves accredited investors, banks or savings and loan associations, etc.) are referred to as "Eligible Investors." See "Certain Regulatory Considerations—No Registration under the Securities Act." Qualifications that must be met in becoming a Shareholder are also summarized in the subscription agreement that must be completed by each prospective investor.

Shareholders' Agreement and Irrevocable Proxy

The subscription agreement contains a joinder whereby each Shareholder agrees to be bound by the terms of the Shareholders' Agreement. In addition, by executing the subscription agreement, each Shareholder grants an irrevocable proxy and power of attorney to the officers of the Company to attend, and vote at, all meetings of the shareholders of the Company and to execute all written consents on behalf of such Shareholder in accordance with the Shareholders' Agreement.

Upfront Selling Commissions

Placement Agents may be retained to assist in the placement of Shares. A Placement Agent generally will be entitled to receive a fee from each Shareholder whose Shares the Placement Agent places. The specific amount of the upfront selling commission paid with respect to a Shareholder is generally dependent on the size of the investment but will not exceed 3.5% of the subscription amount. (Subject to that limit, however, the applicable schedule of upfront selling commissions may vary among Placement Agents.) Placement Agents also may require various account fees, including servicing or similar ongoing fees payable by Shareholders (which may be fixed fees, fees calculated by reference to the value of a Shareholder's account with the Placement Agent or of the Shareholder's Shares, or other types of fees).

The upfront selling commission will be paid in addition to the Shareholder's subscription, and, because it is retained by the Placement Agent, it will not constitute a capital contribution made by the investor to the Company and will not be part of the assets of the Company. The upfront selling commission may be adjusted or waived at the sole discretion of the Placement Agent and is expected to be waived for (1) employees of the Placement Agents and certain of their affiliates; (2) investment vehicles whose investment objectives and restrictions require that they invest exclusively or primarily in the Company; and (3) investors investing through certain programs relating to "wrap," asset allocation or other managed asset programs. The Placement Agent may, in its sole discretion, aggregate investments made through certain related accounts (including family trusts or other similar investment vehicles) in determining the applicable rate for the calculation of the upfront selling commissions. It is the responsibility of any investor seeking to benefit from a particular upfront selling commission level to identify any such related account to the personnel handling the investor's subscription. Because they are retained by the Placement Agent, any upfront selling commissions will not constitute a capital contribution made by the Shareholder to the Company and will not be part of the assets of the Company.

Shareholder Servicing Fees

Placement Agents also may receive account fees, including servicing or similar ongoing fees (which may be fixed fees, fees calculated by reference to the value of a Shareholder's account with the Placement Agent or of the Shareholder's Shares, or other types of fees) from the Shareholder or from the Company. All or a portion of these commissions and/or fees may be used by the Placement Agents to compensate their financial advisers or other sales personnel.

Certain classes of the Shares will bear fixed monthly fees to compensate Placement Agents for their services in connection with the distribution of such classes of Shares and for providing ongoing reporting, transaction processing, and other services on behalf of the Company with respect to the Shareholders that acquire such Shares (the "Shareholder Servicing Fees"). The Shareholder Servicing Fees for each class of Shares are set forth below:

- 0.85% per year of the aggregate NAV of outstanding Class L Shares
- 0.35% per year of the aggregate NAV of outstanding Class M Shares
- 0.15% per year of the aggregate NAV of outstanding Class N Shares
- Class O Shares will not be subject to any upfront selling commissions or Shareholder Servicing Fees

In some instances, these arrangements may result in receipt by the Placement Agents and their personnel (who themselves may receive all or a substantial part of the relevant payments) of compensation in excess of that which otherwise would have been paid in connection with their placement of units of a different investment product. A prospective investor with questions regarding these arrangements may obtain additional detail by contacting his or her Placement Agent directly. Prospective investors also should be aware that these payments could create incentives on the part of the Placement Agents to more positively consider the Company relative to investment products not making payments of this nature or making smaller payments. No Shareholder Servicing Fees will be paid to Placement Agents that are affiliates of the Adviser or the Sub-Adviser.

These fees may be modified or eliminated if there is a Public Listing or Sale.

Other Incentives

The Adviser or its affiliates also may offer other incentives such as sponsorship of or payment of speaking fees for educational or client seminars relating to current products and issues, assistance in training and educating Placement Agents' and other intermediaries' personnel, payments or reimbursements for travel and related expenses associated with due diligence trips that a Placement Agent or other intermediary may undertake in order to explore possible business relationships with the Adviser or affiliates of the Adviser, and/or payments of costs and expenses associated with attendance at seminars, including travel, lodging, entertainment and meals. As permitted by applicable laws and regulations, the Adviser or an affiliate may pay or allow other incentives or payments to the Placement Agents and other intermediaries.

LIQUIDITY; REPURCHASES OF SHARES

No Right of Redemption

No Shareholder or other person holding Shares acquired from a Shareholder will have the right to require the Company to redeem the Shares. There is not currently a public or other market for the Shares. Consequently, Shareholders may not be able to liquidate their investment other than as a result of repurchases of Shares by the Company, as described below. See "Description of Capital Stock—Restrictions on Ownership and Transfer."

Repurchase of Shares

The Company intends to offer to repurchase Shares semi-annually (March 31 and September 30) beginning on March 31, 2022 (each, a "Repurchase Date"). Share repurchases will be limited to 2.5% of the NAV (or a lesser amount as determined by the Company) of all outstanding classes of Shares as of the Repurchase Date (the "Repurchase Amount"). In the event that Shareholder requests for repurchases exceed the Repurchase Amount on a Repurchase Date, Share repurchases will be reduced on a *pro rata* basis based upon the amounts requested. No class of Shares will have any priority with respect to Share repurchases. Share repurchases also will be subject to the limitations imposed by law and the restrictions on ownership and transfer of Shares.

There is no guarantee that the Company will purchase all or any Shares.

Shareholders may request that the Company repurchase Shares through their financial intermediary or directly with the Company's transfer agent.

Procedures relating to the repurchase of Shares will be specified from time to time, and are generally as follows:

- All required documentation must be received in good order by 11:00 p.m. (Eastern time) on the 90th calendar day prior to the Repurchase Date (the "Notice Date"), or if such day is not a business day, on the immediately following business day. This means, for example, that the Notice Date for Shares being repurchased on the March 31st Repurchase Date generally would be December 31st, and the Notice Date for Shares being repurchased on the September 30th Repurchase Date generally would be July 2nd. Settlements of Share repurchases will be made within 30 days of the Repurchase Date.

- Repurchase requests received in good order and processed will be effected at a price equal to the NAV on the applicable Repurchase Date (which, for the avoidance of doubt, is net of the accrual of the Incentive Fee and after reduction for the Advisory Fee, the Sub-Advisory Fee and other accrued expenses and liabilities of the Company).

- Promptly after accepting any repurchase, the Company will give to each Shareholder a promissory note (the "Promissory Note") entitling the Shareholder to be paid an amount equal to the value, determined as of the Repurchase Date, of the Shareholder's Shares accepted for repurchase. Promissory Notes generally will not be mailed and instead will be held on account with the Company's transfer agent.

- There typically will be a "hold-back" applicable to each Shareholder requesting a repurchase of 90% or more of their Shares. The Promissory Note that will be issued to a Shareholder when Shares are accepted for repurchase by the Company will provide for a two-step payment. As the

first payment, at least 90% of the amount due will be paid within 30 days of the Repurchase Date; as the second payment, the remaining amounts due will be paid shortly after the completion of the annual audit of the Company. Shareholders should note that, though cash payments on a Promissory Note will be wire transferred to a Shareholder's authorized Placement Agent within the time periods referenced above, a Placement Agent may require an additional period to process payment and credit a Shareholder's account accordingly.

- The Promissory Note will be non-interest bearing and non-transferable.

- A Shareholder may withdraw its repurchase request by giving notice to the Company in the manner specified from time to time.

- Repurchase requests may be made by mail or through a financial intermediary, both subject to certain conditions described in this Memorandum. Financial intermediaries may require Shareholders to provide certain documentation or information. If making a repurchase request by mail, Shareholders must complete and sign a repurchase authorization form, which can be found in the Company's Repurchase Plan. Corporate investors and other non-individual entities must have an appropriate certification on file authorizing repurchases. A signature guarantee may be required.

- Repurchase requests may also be limited or prohibited to prevent a violation of the 9.8% common stock ownership limit or other restrictions on ownership and transfer of Shares set forth in the Charter, or for other tax and ERISA compliance considerations. Repurchases also may be subject to payment of preferred dividends and any applicable limitations under Maryland law.

Sources of Funds for Repurchases

The Company may fund repurchase requests from sources other than cash flow from operations, including, without limitation, borrowings. Borrowings to fund repurchase requests will increase the leverage of the Company with potential associated risks for Shareholders. The Company and the remaining Shareholders will bear the costs and expenses of any borrowings. See "Certain Risk Factors—Leverage."

Initial Investors Redemption Offer

In connection with a change in the sub-adviser to the Company in January 2019, the Company offered its then current shareholders, including the former sub-adviser, a one-time opportunity to redeem their Shares in full. The Company does not anticipate making additional offers of this type going forward.

NET ASSET VALUATION CALCULATION AND VALUATION GUIDELINES

General

The Board maintains procedures intended to assure fair valuation of the Company's assets and liabilities and calculation of the monthly NAV of the Company and each class of Shares. This may include the application of various valuation methodologies at different times, including holding properties at cost, valuation by reference to comparable properties, valuation by reference to actual or estimated cash flows and other reasonable methodologies. From time to time, the Company may adopt changes to the procedures if it (1) determines that changes are likely to result in a more accurate reflection of NAV or a more efficient or less costly procedure for the determination of NAV without having a material adverse effect on the accuracy of the determination or (2) otherwise reasonably believes a change is appropriate.

All gains and losses of the Company for a measurement period will be allocated among the classes of Shares based on the NAV of each class of Shares at the start of such measurement period, after giving effect to any issuance of additional Shares of such class effective as of the start of such measurement period; provided that for the period through which any expenses deferred under the Reimbursement Agreement have been waived or recovered, expenses incurred by the Company may not be applied to the Company in the period in which they are incurred. Notwithstanding the foregoing, expenses attributable to a single class of Shares, such as Shareholder Servicing Fees, will be allocated solely to the class of Shares to which they relate. Accordingly, the payment of the Shareholder Servicing Fees by certain classes will reduce the NAV of such classes of Shares relative to classes that bear lesser fees or no fees, which in turn will impact the rate of participation of the classes of Shares in gains or losses of the Company in future periods. The NAV of each class of Shares will be calculated net of the cumulative accrued Incentive Fee. However, for calculation purposes at the beginning of each month, such prior month accruals will be reversed, and the accrual will be recalculated and reallocated based on the change in the NAV of each class of Shares, which includes differing Shareholder Servicing Fees paid with respect to each class of Shares.

The calculation of the Company's monthly NAV is intended to be a calculation of the fair value of the Company's assets less outstanding liabilities as described below and may differ from the book value reflected in the Company's financial statements. The value of the Company's assets will be determined in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), applied on a consistent basis.

The Company will calculate the fair value of its real estate properties based in part on values provided by third-party independent appraisers and reviewed by the Company's Independent Valuation Advisor (as defined below). Because these fair value calculations will involve significant professional judgment in the application of both observable and unobservable attributes, the calculated fair value of assets may differ from their actual realizable value or future fair value. While the Company believes that the methodologies used in calculating the monthly NAV of the Company are consistent with standard industry practices, there is no rule or regulation that requires the Company to calculate NAV in a certain way. As a result, other REITs may use different methodologies or assumptions to determine NAV. In addition, NAV is not a measure used under U.S. GAAP and the valuations of and certain adjustments made to the Company's assets and liabilities used in the determination of NAV will differ from U.S. GAAP. Shareholders should not consider NAV to be equivalent to Shareholders' equity or any other U.S. GAAP measure.

In no event will the Company incur any liability or responsibility for any determination made or any other action taken or omitted by it in good faith. In addition, the Company is not responsible for the accuracy

of the information supplied to it by any brokers or other financial intermediaries engaged by the Company in connection with making any of the valuation calculations. See “Certain Risk Factors—Valuation.”

Independent Valuation Adviser

The Company has engaged Altus Group U.S. Inc., a third-party specialist in property valuations, to serve as the Company’s independent valuation adviser (the “Independent Valuation Adviser”) with respect to the Company’s real properties. The Independent Valuation Adviser will review annual third-party appraisals of Company properties.

All properties will be appraised at least annually by an independent appraiser (other than the Independent Valuation Adviser) that has been hired by the Company. The Independent Valuation Adviser will review these appraisals, will provide monthly independent valuations and will also consider any other valuation methodologies that might be applied.

The Company may also engage additional independent valuation advisers in the future. While the Independent Valuation Adviser is responsible for reviewing property valuations, it is not responsible for, and does not calculate, the Company’s NAV. The Board ultimately is responsible for the determination of the Company’s NAV.

The Independent Valuation Adviser may be replaced at any time, in accordance with agreed-upon notice requirements, by a majority vote of the Board.

The Independent Valuation Adviser will discharge its responsibilities in accordance with the Company’s valuation guidelines.

The Independent Valuation Adviser and certain independent third-party appraisers are expected to provide real estate appraisal, appraisal management and real estate valuation advisory services to the Company and will receive fees in connection with these services. The Independent Valuation Adviser and certain independent third-party appraisers and their respective affiliates may from time to time in the future perform other commercial real estate and financial advisory services for affiliates of the Company, or in transactions related to the properties that are the subjects of the valuations being performed for the Company, or otherwise, so long as these other services do not adversely affect the independence of the Independent Valuation Adviser or the applicable appraiser as certified in the applicable appraisal report.

NAV Per Share

The Company is initially offering four classes of Shares: Class L Shares, Class M Shares, Class N Shares and Class O Shares.

Each class of Shares will have an undivided interest in the Company’s assets and liabilities, other than expenses that are attributable to a single class of Shares. In accordance with valuation guidelines, the NAV per Share of each class of Shares will be determined by dividing the NAV of such class of Shares by the aggregate number of outstanding Shares of such class of Shares. Shareholder Servicing Fees are allocable only to the class of Shares to which they relate. Accordingly, the NAV per Share for each class of Shares will differ over time.

CERTAIN RISK FACTORS

An investment in the Company involves a high degree of risk and a long time horizon which investors should carefully consider before subscribing to purchase Shares in the Company. As a general rule, investors can expect that investments with higher return potential will also have higher potential for risk of loss of capital or income. An investor should not invest in the Company unless it can afford to lose all of its investment.

There is no guarantee of successful performance or that a positive return or any potential tax benefits can be achieved. Prospective investors in the Company should consider the following risks, which are not intended to be an exhaustive listing of all the risks involved in an investment in the Company and do not purport to be an explanation of all the risks involved in an investment in the Company.

Risks Related to the Uncertainty of and Compliance with the QOF Rules

General

The Company was formed for the purpose of benefiting from the QOF program, and presently intends to conduct its operations so that it is treated as a QOF within the meaning of Subchapter Z of the Code ("Subchapter Z"). However, no assurances can be provided that the Company will qualify as a QOF or that, even if it does qualify, the tax benefits enumerated in "Summary of Principal Terms—Potential Opportunity Zone Tax Benefits" will be available to any particular investor in the Company.

There are numerous aspects of Subchapter Z and the TCJA that are subject to interpretation and that will require clarification by the Treasury. While the Proposed Regulations were released on October 19, 2018, such regulations do not address many important issues and numerous issues remain with respect to the topics addressed by such regulations. Although the government has announced it will release additional guidance, it is unclear when any additional guidance will be released, or in what manner the Treasury will resolve the many areas of uncertainty in the QOF program. Technical corrections legislation also may be needed from Congress to clarify certain provisions of the TCJA and to give proper effect to congressional intent. No assurance can be provided that additional legislation will be enacted, and even if enacted, additional legislation may not clearly address all items that require or would benefit from clarification.

The Company may change its acquisition program, its strategies, and the investments or types of investments it may make at any time and from time to time in order to comply with any additional legislation or administrative guidance from Congress or the Treasury. Changes may cause the Company to incur significant costs and/or avoid (or execute on) transactions it otherwise would not have, which could have a material adverse effect on the performance of the Company. However, the Company may determine not to, or may be unable to, comply with the additional legislation or administrative guidance in a manner that will allow investors in the Company to derive any or all of the tax benefits associated with the QOF program. Although the Company currently expects to manage its acquisition program in order to qualify as a QOF, no assurance can be provided in this regard. Further, even if the Company qualifies as a QOF, the Company may determine to manage its acquisition program in a manner that prevents any or all of its investors from continuing to receive any or all of the tax benefits of the QOF program described in "Summary of Principal Terms—Potential Opportunity Zone Tax Benefits."

In the event that under additional legislation or administrative guidance, the Company will be unable to qualify as a QOF or provide investors with the anticipated tax benefits due to the Company's current or anticipated structure, strategies and/or practices (or otherwise), the Board, in consultation with the Adviser and the Sub-Adviser, generally will have a duty to consider whether any changes to the Company

or its investment program may be made in order for the Company to qualify as a QOF, but will have no obligation to make any such change.

In addition, in the event that additional legislation is not enacted or administrative guidance is not provided in respect of a particular matter relating to Subchapter Z, the Company may take certain actions based on its assumptions regarding the interpretation of certain provisions in Subchapter Z and the IRS may assert positions contrary to these assumptions, which could have an adverse impact on the Company, its status as a QOF, and the tax benefits otherwise afforded to the investors in the Company under Subchapter Z.

AS A RESULT OF THE FOREGOING, THERE CAN BE NO GUARANTEE THAT INVESTORS WILL BE ABLE TO TAKE ADVANTAGE OF ANY OF THE POTENTIAL TAX BENEFITS DESCRIBED HEREIN.

Complying with QOF Regulations Could Have a Material Adverse Effect on the Company's Performance

Complying with Subchapter Z and any legislation or administrative guidance issued in connection with Subchapter Z could have a material adverse effect on the performance of the Company and/or some or all of the Shareholders. For example, in order for Shareholders to be able to take advantage of certain of the tax benefits afforded to them under Subchapter Z, the Company may hold an asset for a longer period of time than the Adviser or the Sub-Adviser would otherwise determine to be optimal absent legislation. The permitted acquisitions that a QOF may make under Subchapter Z are highly limited, which may result in the Adviser and the Sub-Adviser being unable to source attractive opportunities, the Company's property portfolio being highly concentrated and/or the Company not taking advantage of opportunities the Adviser or the Sub-Adviser may find attractive, but that do not comply with the permitted acquisitions under the legislation.

In addition, as further described in "Certain Tax Considerations—Qualified Opportunity Fund Tax Benefits—Opportunity Zones and Qualifying as a QOF," a QOF, as defined in Section 1400Z-2(d) of the Code, is any investment vehicle that (i) is organized as either a corporation or a partnership for the purpose of investing in "qualified opportunity zone property" (within the meaning of Section 1400Z-2(d)(2) of the Code) ("QOZP") and (ii) holds at least 90% of its assets in QOZP (the "90-Percent Test"). The 90-Percent Test is applied by measuring the average of the percentage of QOZP held by the QOF (i) on the last day of the first six-month period of each taxable year of the QOF and (ii) on the last day of each taxable year of the QOF. For purposes of the 90-Percent Test, the Proposed Regulations do not treat cash held directly by a QOF as QOZP. QOZP includes certain interests in "qualified opportunity zone businesses" (or "QOZBs") and the Proposed Regulations establish, in the context of defining a "qualified opportunity zone business", a 31-month working capital safe harbor for businesses that acquire, construct, or rehabilitate tangible business property in a QOZ. The safe harbor allows a QOF, in determining whether a business in which the QOF has invested is a QOZB, to treat the business's cash, cash equivalents, and debt instruments with a term of 18 months or less as working capital that does not disqualify the business from being a QOZB provided that certain requirements have been satisfied, including: (i) the business has a written plan that identifies the working capital as property held for the acquisition, construction, or substantial improvement of tangible property in the opportunity zone, (ii) the business has a written schedule showing that the working capital will be used within 31 months, and (iii) the business substantially complies with the schedule.

As a result of the above, the Company may, directly or indirectly, be unable to fulfill ongoing expenses related to its operations and investments, including property development or improvement costs, which could have a material adverse effect on the Company and its portfolio. Further, because the Company may be unable to directly hold the cash necessary to fund development costs or other ongoing expenses

associated with investments, and may be unable to indirectly hold such cash for longer than 31 months, the Company may be limited in the types of investments in which the Company can participate. In the event that the Company is unable to deploy the necessary capital to meet these obligations, the value of the Company's investments may be significantly diminished. In addition, under these circumstances, the Adviser will be incentivized to invest the Company's cash in Underlying Vehicles on an expedited basis in order to meet the 90-Percent Test, which may limit the Company's ability to perform thorough due diligence on any potential acquisitions, result in the Company making acquisitions that the Adviser would not otherwise have made absent this restriction, or result in the Company's portfolio being highly concentrated. See "Certain Risk Factors—Expedited Transactions; Limited Due Diligence."

Failure to Qualify as a QOF

No assurance can be provided that the Company will qualify as a QOF. See "Certain Tax Considerations—Qualified Opportunity Fund Tax Benefits—Opportunity Zones and Qualifying as a QOF" for certain disclosures related to uncertainties in connection with the rules relating to qualification as a "qualified opportunity fund."

In addition, notwithstanding the fact that the Company has been organized for the purpose of investing in QOZP, the Adviser or the Sub-Adviser may determine at any time to engage in a transaction or practice on behalf of the Company that ultimately causes the Company to fail to qualify as a QOF (either at the time of the investment or at a later time), results in the imposition of federal income tax penalties on the Company for failure to comply with the 90-Percent Test, and/or results in some or all of the Shareholders being unable to receive all or a portion of the tax benefits associated with investing in a QOF. For example, the Adviser or the Sub-Adviser may determine, in their discretion, to sell an asset on behalf of the Company even if the sale may cause some or all of the Shareholders to recognize U.S. federal income tax and/or fail to receive some or all of the benefits of Subchapter Z. In addition, the Board may determine, at any time, to cease managing the Company in a manner designed to qualify the Company as a QOF and/or provide investors in the Company with the tax benefits associated with QOFs set forth in Subchapter Z. The Board has duties to the Company and could only cause changes in the management of the Company if it determines in good faith that the changes are in the best interest of the Company. There can be no guarantee that the Company will qualify as a QOF, that a Shareholder will be a Qualified Shareholder (as defined below), or that, if treated as a Qualified Shareholder, it will be able to realize, through an investment in the Company, any of the potential tax benefits described in this Memorandum. Please read "Certain Tax Considerations—Qualified Opportunity Fund Tax Benefits" carefully, which describes additional risks regarding Subchapter Z and compliance with the QOF rules and regulations.

Gains From Property Held Indirectly by Shareholders

A Qualified Shareholder is eligible to receive the potential tax benefits of Subchapter Z to the extent it invests eligible capital gain realized from the sale to, or exchange with, an unrelated person of any property held by such Shareholder within 180 days of the date of such sale or exchange. Eligible capital gain does not include (i) certain gains from "section 1256 contracts" and (ii) any capital gain from a position that is or has been part of an "offsetting-positions transaction." With respect to property held indirectly by a Shareholder through interests in partnerships or other pass-through entities for U.S. federal income tax purposes, the Proposed Regulations provide that a Qualified Shareholder is eligible to receive the potential benefits of Subchapter Z to the extent it invests eligible capital gain realized from an indirect sale through such an entity, but only if such pass-through entity does not elect to defer the gain at the entity level and the gain is from a sale to, or exchange with, a person unrelated to the Qualified Shareholder and such pass-through entity.

To the extent a Qualified Shareholder invests capital gain realized from the sale to, or exchange with, an unrelated person of property held indirectly (through, for example, such entities listed above), the 180-day window generally begins on the last day of the partnership's taxable year in which such sale or exchange occurred, but the Qualified Shareholder may elect for its 180-day window for such gain to begin on the day such sale or exchange occurred.

Capital Gain from an Offsetting-Positions Transaction Is Not Eligible for QOZ Tax Benefits

The Proposed Regulations provide that any capital gain from a position that is or has ever been part of an "offsetting-positions transaction" is not eligible to receive QOZ tax benefits upon investment in a QOF. For this purpose, an "offsetting-positions transaction" means (i) any straddle and (ii) any other transaction in which a taxpayer has substantially diminished its risk of loss from holding one position with respect to personal property by holding one or more other positions with respect to personal property (whether or not of the same kind), regardless of whether either of the positions is with respect to actively traded personal property. Investors may have difficulty determining whether their capital gain is from a position that has ever been part of an offsetting-positions transaction. Each prospective investor is advised to consult with its own tax advisers with respect to these determinations.

Ten-Year Holding Period

One of the potential benefits of investing in a QOF is the exclusion from income of any appreciation in the value of Shares held by an investor for at least 10 years upon disposition of his or her Shares. This exclusion of investor-level gain is effectuated through a basis adjustment and provides that, in the case of any investment in Qualified Shares (as defined below) held by an investor for at least 10 years, the basis of the investor's Shares will be equal to the fair market value of the Shares on the date that they are sold or exchanged. The Company expects that investors can take advantage of the basis adjustment in the event that the investor's Qualified Shares are redeemed or repurchased or the Company is dissolved or liquidated, in each case if the Qualified Shares have been held by the investor for at least 10 years; provided, however, that the Treasury and the IRS may provide otherwise in published guidance and the IRS may interpret the law differently, even in the absence of published guidance on this point. It should be noted that this exclusion is only available in connection with the disposition of Shares held by an investor for more than 10 years—it would not, for example, allow investors to avoid recognizing income in connection with the Company's distribution of the proceeds of a disposition of any of the assets in its portfolio. The Proposed Regulations provide that the ability to make such an election is not impaired solely because the QOZs in which the Company invested have ceased to be designated as QOZs, as long as the Qualified Shares are sold or exchanged on or prior to December 31, 2047.

As further described in the Shareholders' Agreement, the Company will have a right to cause all Shareholders to sell their Shares in a single transaction or a series of related transactions pursuant to a Public Listing or Sale. Investors also should be aware that any sale is subject to compliance with registration requirements of the Securities Act or exemptions available from the Securities Act. However, the Company has no obligation to exercise this option, and no assurance can be provided that the Company will find a purchaser for the Shares or that a Public Listing or Sale will be successful. Even if the Company is able to find a purchaser for the Shares, the price at which any Shares would be sold may be substantially less than the price the Company would have received had it sold each of the investments in the Company's portfolio on a property-by-property basis. See "Certain Risk Factors—Illiquidity" below.

Further, no assurance can be provided that the Company will redeem or repurchase Shares held by investors, or dissolve, at a time when each investor in the Company has held its Shares for at least 10 years. In addition, because of the multi-year offering period of the Company, the Company may redeem

or repurchase Shares in the Company, or dissolve, at a time when certain investors have held their Shares for at least 10 years, but others have not. Further, at any time during the life of the Company, the Company may sell or otherwise dispose of an asset, which may result in Shareholders recognizing income in connection with the Company's distribution of the proceeds of this disposition (and therefore mitigate the potential tax benefits to Shareholders described above). See "Certain Tax Considerations."

Phantom Income

Under Subchapter Z, Qualified Shareholders may elect to defer certain capital gains until the Deferral Recognition Event (as defined below), at which point the taxpayer will recognize an amount equal to the Deferral Recognition Amount (defined below). At the time of the Deferral Recognition Event an investor may have a zero or very low basis in its Shares in the Company, and thus realize a substantial amount of taxable income without a corresponding distribution from the Company to pay any taxes due. No assurance can be provided that any Shareholder will receive corresponding distributions from the Company in order to assist the Shareholder in satisfying any such tax obligation payments, and each Shareholder should expect to be required to pay such tax obligations from the Shareholder's own assets, rather than from amounts paid to the Shareholder by the Company.

Timing of Subscription and Potential Tax Benefits

To be eligible for the QOF benefits, a prospective shareholder must invest in the Company within 180 days after realizing eligible capital gain from the sale or exchange of property held by the prospective shareholder. There can be no guarantee, however, that the Company will accept any requested subscription or that subscriptions will be available on any given subscription date. A prospective shareholder may intend to subscribe for Shares within the requisite 180-day period but ultimately may be unable to do so for a variety of reasons, including that the Company or its agents may have rejected or delayed the subscription with or without notice or explanation. The Company and its agents accept no liability for any lost benefits or other losses associated with a failure of any Shareholder or prospective shareholder to satisfy the QOF 180-day requirement, which is solely the responsibility of such Shareholder or prospective shareholder.

Future Legislation

It is possible that future legislation will be enacted that would repeal Subchapter Z, prematurely end the deferral of gain that has been reinvested in Qualified Shares, take away or curtail the ability of Qualified Shareholders to eliminate gain from the sale or exchange of Qualified Shares, or severely limit the types of investments that will qualify as QOZP. No assurances can be provided that the legislation will not be enacted.

Acquisition Strategy Risk

The Company's acquisition strategy involves a significant amount of risk. It is expected that the Company's strategy will result in concentrated and illiquid positions, with any diversification likely to be most limited during the Company's initial investment period. An investment in the Company is suitable only for an investor that can accept the risks associated with highly concentrated and illiquid positions, does not need liquidity in its investment and can sustain the total loss of its investment in the Company. There is no assurance that the Company will be able to locate suitable acquisition opportunities or achieve its investment objective, in particular in light of the uncertainty around how to qualify as a QOF. See "Certain Risk Factors—Risks Related to the Uncertainty of and Compliance with the QOF Rules—Failure to Qualify as a QOF."

Concentration and Future Subscription Risk

While diversification across property types and geographies is intended, the Company may make a limited number of acquisitions, resulting in the risk that the aggregate returns realized by the Shareholders may be substantially adversely affected by the unfavorable performance of, or a default in respect of, even one of the acquisitions. In addition, while the Company is not limited by geography and may invest in qualified opportunity zones throughout the United States and its possessions, the Company is not required to maintain any geographic diversification and may invest all or a substantial portion of its aggregate capital in as few as one opportunity zone, or multiple opportunity zones in close proximity. To the extent the Company's acquisitions are concentrated in a particular geographic area, the value of the Company's portfolio and returns to investors will be more susceptible to adverse economic or business conditions, changes in governmental rules and fiscal policies, natural disasters, environmental disasters or acts of terrorism, and other factors affecting the geographic area.

Additionally, as the Company is not subject to any minimum amount of capital raised to begin its acquisition activities, the Company may invest (or commit to invest) all or a substantial portion of its aggregate capital in a single acquisition. Furthermore, the Adviser or the Sub-Adviser may determine to cause the Company to commit for investment an amount greater than the Company's aggregate capital available for investment, in anticipation of future subscriptions. In such case, the Company may borrow from the Adviser, the Sub-Adviser or an affiliate thereof on an interest-free basis in order to consummate such investment. In the event the Company is unable to raise sufficient capital to satisfy its outstanding commitments (whether through additional Shareholders, borrowings or otherwise), the Company may forfeit deposits, be involved in litigation and/or be liable for damages. Under those circumstances, the Company will likely incur additional costs and expenses and may experience substantial losses.

Because the Company intends to hold multiple closings over a period of several years, its size and scale is expected to vary over time. In addition to the concentration risks just described, at any time when the Company is operating at a smaller size – which is to be expected at inception – it also is likely to be subject to higher total expenses relative to its asset base (in that larger size generally allows for spreading of expenses across a larger asset base). The Incentive Fee is applied regardless of the Company's size and throughout the life of the Company, with, for example, no "breakpoints" or fee discounts applied in the event of a smaller asset base. Each of the Advisory Fee and the Sub-Advisory Fee will generally be applied regardless of the Company's size and throughout the life of the Company, with, for example, no "breakpoints" or fee discounts applied in the event of a smaller asset base; provided, however, that while the Reimbursement Agreement is in effect through the final date available for reimbursement of deferred fees, each of the Advisory Fee and the Sub-Advisory Fee may be reduced or waived subject to the terms of such Reimbursement Agreement.

Competitive Market

The activity of identifying, consummating and realizing property acquisitions utilizing the strategies of the Company is highly competitive and involves a high degree of uncertainty. The Company will be competing for acquisitions with other established investors with substantial resources and experience. Many of the Company's competitors may be substantially larger, have more capital and other resources than the Company, and be subject to less investment restrictions than the Company. Some of the Company's current and potential competitors may be able to leverage their existing resources to source and structure acquisitions more efficiently or on better terms than those offered by the Company. It is possible that competition for acquisitions may increase, thus reducing the number of acquisitions available to the Company and adversely affecting the terms upon which acquisitions can be made. In particular, the existence of the QOF program may attract added capital to bidding on property in qualified opportunity zones, thereby rendering properties in QOFs less attractive, at least on a pre-tax basis, than

was previously the case. The Company may incur significant expenses in connection with identifying acquisition opportunities and investigating other potential acquisitions which are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses and the fees of other third-party advisers. There can be no assurance that the Company will be able to locate or consummate acquisitions that satisfy its objective and strategy, or that the Company will be able to fully invest its capital.

Risks Associated with the Company's REIT Status

General

The Company will not make acquisitions it knows at the time raise qualification or penalty tax issues under the REIT provisions of the Code. Shareholders should be aware, however, that acquisitions that do not appear to present issues under the REIT requirements at origination may later, due to change of circumstance, change of law, change of market opportunities or change of business plan for an acquisition, or other reasons, present issues for REIT qualification.

Failure to Qualify as a REIT

The Company expects to operate so that it qualifies as a REIT under the Code. However, qualification as a REIT involves the application of highly technical and complex Code provisions for which only a limited number of judicial or administrative interpretations exist. Notwithstanding the availability of cure provisions in the Code, various compliance requirements could be failed and could jeopardize the Company's REIT status. New tax legislation, administrative guidance or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible for the Company to qualify as a REIT. If the Company fails to qualify as a REIT in any tax year, then (a) the Company would be taxed as a regular domestic corporation, which under current laws, among other things, means being unable to deduct distributions to investors in computing taxable income and being subject to U.S. federal income tax on the Company's taxable income at regular corporate income tax rates; (b) any resulting tax liability could be substantial and could have a material adverse effect on the Company's book value; (c) unless the Company is entitled to relief under applicable statutory provisions, the Company will be required to pay taxes, and therefore, the cash available for distribution to investors would be reduced for each of the years during which the Company did not qualify as a REIT and for which the Company had taxable income; and (d) the Company generally would not be eligible to requalify as a REIT for the subsequent four full taxable years.

Tax Risk Associated with Shareholder Servicing Fees

In order for the Company's distributions to be counted as satisfying the annual distribution requirement for REITs and to provide it with the REIT-level tax deduction, the distributions must not have been "preferential dividends." A dividend is not a preferential dividend if that distribution is: (i) *pro rata* among all outstanding shares within a particular class; and (ii) in accordance with the preferences among different classes of stock as set forth in the Charter. In certain situations, the IRS has taken the view that when a REIT charges different fee rates to different investors, this results in preferential dividends. While the matter is not free from doubt, the Company does not believe that the differential charges borne by different classes of Company stock should cause the Company to be treated as paying preferential dividends. If the Company is treated as paying preferential dividends, the Company would not be entitled to a dividends-paid deduction for any such preferential dividends, and as a result could incur corporate tax and/or fail to qualify as a REIT.

Costs Associated with Maintaining REIT Status

To qualify as a REIT, the Company generally must distribute annually to investors a minimum of 90% of the Company's net taxable income, determined without regard to the dividends-paid deduction and excluding net capital gains. The Company will be subject to regular corporate income taxes on any undistributed REIT taxable income each year. Additionally, the Company will be subject to a 4% nondeductible excise tax on any amount by which distributions paid in any calendar year are less than the sum of 85% of the Company's ordinary income, 95% of the Company's capital gain net income and 100% of the Company's undistributed income from previous years. Payments made to the Company's investors under the Company's Repurchase Plan will not be taken into account for purposes of these distribution requirements, except to a limited extent. If the Company does not have sufficient cash to make distributions necessary to preserve REIT status for any year or to avoid taxation, the Company may be forced to borrow funds or sell assets even if the market conditions at that time are not favorable for these borrowings or sales. These options could increase the Company's costs or reduce the Company's equity. Moreover, any preferred shares to be sold to preferred shareholders in order to maintain the Company's REIT status will accrue dividends at a rate of 12.5% of the liquidation preference per preferred share plus accrued and unpaid dividends thereon and a preference on liquidation in the amount of $1,000 per preferred share plus accrued and unpaid dividends. Payments and accruals to preferred shareholders will reduce the Company's NAV.

Complying with REIT Requirements Could Have a Material Adverse Effect on the Company's Performance

To qualify as a REIT, the Company is required to satisfy tests relating to, among other things, the sources of the Company's income, the nature and diversification of the Company's assets, the ownership of the Company's stock and the amounts distributed to investors. Compliance with the REIT requirements may impair the Company's ability to operate solely on the basis of maximizing profits. For example, the Company may be required to make distributions to Shareholders at disadvantageous times or when the Company does not have funds readily available for distribution.

To qualify as a REIT, at the end of each calendar quarter, at least 75% of the value of the Company's assets must consist of cash, cash items, government securities and/or qualified real estate assets. The remainder of the Company's investments in securities (other than qualified real estate assets and government securities) generally cannot include more than 10% of the voting securities (other than securities that qualify for the straight debt safe harbor) of any one issuer or more than 10% of the value of the outstanding securities of more than any one issuer unless the Company and the issuer jointly elect for the issuer to be treated as a "taxable REIT subsidiary" under the Code. Debt will generally meet the "straight debt" safe harbor if the debt is a written unconditional promise to pay on demand or on a specified date a certain sum of money, the debt is not convertible, directly or indirectly, into stock, and the interest rate and the interest payment dates of the debt are not contingent on the profits, the borrower's discretion, or similar factors. Additionally, no more than 5% of the value of the Company's assets (other than government securities and qualified real estate assets) can consist of the securities of any one issuer, and no more than 20% of the value of the Company's assets may be represented by securities of one or more taxable REIT subsidiaries. If the Company fails to comply with these requirements at the end of any calendar quarter, the Company must dispose of a portion of assets within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions in order to avoid losing REIT qualification and suffering adverse tax consequences. In order to satisfy these requirements and maintain qualification as a REIT, the Company may be forced to liquidate assets or not make otherwise attractive acquisitions. These actions could have the effect of reducing the Company's income and amounts available for distribution to the Shareholders.

Tax Liabilities May Reduce the Cash Available for Distributions to Shareholders

Even if the Company qualifies for and maintains REIT status, the Company may become subject to U.S. federal income taxes and potentially state and local taxes. For example, net income from the sale of properties that are "dealer" properties sold by a REIT (a "prohibited transaction" under the Code) will be subject to a 100% tax. The Company may not make sufficient distributions to avoid excise taxes applicable to REITs. Similarly, if the Company were to fail an income test (and did not lose REIT status because the failure was due to reasonable cause and not willful neglect), the Company would be subject to tax on the income that does not meet the income test requirements. The Company also may decide to retain net capital gain earned from the sale or other disposition of investments and pay income tax directly on the income. In that event, the Company's investors would be treated as if they earned that income and paid the tax on it directly. The Company may also be subject to state and local taxes on Company income or property, including franchise, payroll, mortgage recording and transfer taxes, either directly or at the level of the other companies through which the Company indirectly owns assets. Any taxes the Company pays directly or indirectly will reduce the cash available for distribution to Shareholders.

The Board is Authorized to Revoke the Company's REIT Election Without Shareholder Approval

The Charter authorizes the Board to revoke or otherwise terminate the Company's REIT election, without the approval of Shareholders, if it determines that it is no longer in the Company's best interests to qualify as a REIT. The Board has duties to the Company and could only cause such changes in the Company's tax treatment if it determines in good faith that the changes are in the best interest of the Company. In this event, the Company would become subject to U.S. federal, state and local income tax on the Company's taxable income and the Company would no longer be required to distribute most of the Company's net income to Shareholders, which may cause a reduction in the total return to Shareholders.

Generally, Ordinary Dividends Payable by REITs Do Not Qualify for Reduced U.S. Federal Income Tax Rates

Currently, the maximum tax rate applicable to "qualified dividend income" payable to certain non-corporate U.S. shareholders is 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rate. The more favorable rates applicable to regular corporate qualified dividends could cause certain non-corporate investors to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including the Company's Shares. However, under the TCJA, commencing with taxable years beginning on or after January 1, 2018 and continuing through 2025, individual taxpayers may be entitled to claim a deduction in determining their taxable income of 20% of ordinary REIT dividends (dividends other than capital gain dividends and dividends attributable to qualified dividend income received by the Company, if any), which temporarily reduces the effective tax rate on these dividends. Shareholders are urged to consult tax advisers regarding the effect of this change on the effective tax rate with respect to REIT dividends.

Risks Associated with Investments in Real Estate

General

All real estate assets, whether structured as equity or debt, are subject to risk. For example, real estate is relatively illiquid and, therefore, the Company will be limited in its ability to vary its assets promptly in response to changes in economic or other conditions. Because real estate, like many other types of long-term investments, historically has experienced significant fluctuation and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of the assets. In addition, the

ability of the Company to realize anticipated rental or other income on its investments will depend on many factors which may be beyond the control of the Company, including on the financial reliability of the property's tenants and borrowers, the location and attractiveness of properties, the supply of comparable space in the areas in which its properties are located (affected, for instance, by over-building) and general economic conditions. There is no assurance that the Company's acquisitions will be profitable or that cash flow will be available for distribution to Shareholders. Other risks include (a) changes in general economic or local conditions; (b) changes in or promulgation and enforcement of zoning, land use, building, environmental protection, occupational safety and other governmental laws and regulations; (c) changes in operating expenses; (d) changes in real estate tax rates; (e) changes in interest rates; (f) changes in costs and terms of mortgage loans; (g) unavailability of mortgage funds which may render the construction, leasing, sale or refinancing of a property difficult; (h) fluctuations in energy prices and energy and supply shortages; (i) changes in the relative popularity of properties; (j) changes in the number of buyers and sellers of properties; (k) the financial condition of borrowers and of tenants, buyers and sellers of property; (l) the imposition of rent controls; (m) the ongoing need for capital improvements; (n) cash-flow risks; (o) construction risks; (p) natural catastrophes; (q) acts of war, terrorism or civil unrest; (r) various uninsured or uninsurable risks and uninsurable losses; and (s) other factors beyond the control of the Company, Adviser and Sub-Adviser. Certain of the foregoing risks may be exacerbated in connection with property in low-income areas.

Additionally, the Company typically will be responsible for structural repairs, improvements and general maintenance of real property. The expenditure of any sums in connection therewith beyond those budgeted by the Company will reduce the cash available and may require the Company to fund deficits resulting from the operation of a property. These factors and any others that would impede the Company's ability to respond to adverse changes in the performance of its assets could significantly affect the Company's financial condition and operating results.

Risks Associated with Certain Types of Real Estate

The Company may invest in various types of real estate assets, including multifamily residential, commercial, retail and hospitality, each of which is subject to the general risks associated with owning and operating real estate described above in "Certain Risk Factors—Risks Associated with Investments in Real Estate—General." In addition, other factors that may adversely affect the value and successful operation of, and income generated from, these types of investments include: (a) the physical attributes of a building used to generate income, such as its age, condition, design, appearance, access to transportation and construction quality; (b) location of the property, for example, a change in neighborhoods over time or desirability of the area to the target tenant population; (c) ability of management to provide adequate maintenance and insurance; (d) the types of services or amenities that the property provides; (e) the property's reputation; (f) competition from other real estate investors, which may affect the number of similar properties available; (g) the level of mortgage interest rates, which may encourage tenants to purchase rather than lease property; (h) presence or construction of competing properties; (i) the quality of tenants and tenant mix, such as the tenant population being heavily dependent on specific industries or businesses; (j) adverse local, regional or national economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels; and (k) federal, state, and local regulations, which may affect the building owner's ability to increase rent to market rent for an equivalent property. Any of the foregoing could have a material adverse effect on the performance of a property. It should also be noted that, to qualify as "qualified opportunity zone business property" (within the meaning of Section 1400Z-2(d)(2)(D) of the Code), any existing property that is acquired directly or indirectly by the Company will be subject to a "substantial improvement" requirement that must be satisfied within 30 months following the property's acquisition.

Property in these sectors may also be adversely affected by the following particular risks:

- *Multifamily Residential Real Estate*. Certain jurisdictions regulate the relationship of an owner and its tenants. Commonly, these laws require a written lease, good cause for eviction, disclosure of fees and notification to residents of changed land use, while prohibiting unreasonable rules, retaliatory evictions and restrictions on a resident's choice of unit vendors. Apartment building owners have been the subject of lawsuits under various "Landlord and Tenant Acts" and other general consumer protection statutes for coercive, abusive or unconscionable leasing and sales practices. There may be provisions that limit the bases on which a landlord may terminate a tenancy or increase its rent or prohibit a landlord from terminating a tenancy solely by reason of the sale of the owner's building. In addition to state regulation of the landlord-tenant relationship, numerous towns and municipalities impose rent control on apartment buildings. These ordinances may limit rent increases to certain set percentages, to increases set or approved by a governmental agency, or to increases determined through mediation or binding arbitration. In addition, low-income areas in which the Company will invest may have a higher concentration of tenants that receive rent subsidies pursuant to governmental assistance programs. These programs may influence tenant mobility and the amount of rent a tenant can pay. It is also possible that certain multifamily properties could be subject to existing regulatory agreements or restrictive covenants that impose limits on the income of the tenants that may lease a unit in the property and/or the rent that may be charged to tenants.

- *Single-Family Residential Real Estate*. In contrast to multifamily operations, the geographic dispersion of single-family properties creates significantly greater operational and maintenance challenges and, potentially, significantly higher per-unit operating costs. In addition, since each home has unique features, appliances and building materials, renovations, maintenance, marketing and operational tasks will be more varied and demanding than in a typical multifamily setting.

- *Commercial Properties*. Commercial properties may be especially affected by: an economic decline in the business operated by the tenants; the physical attributes of the property and the adaptability of the property with respect to the technological needs of the tenants; the strength and nature of the local economy, including labor costs and quality, tax environment and quality of life for employees; and patterns of telecommuting or sharing of office space, and employment growth (which creates demand for office space). Moreover, the cost of refitting office space for a new tenant is often higher than the cost of refitting other types of properties for new tenants.

- *Industrial Properties*. Although owners of industrial properties are not generally required to expend substantial amounts for general capital improvements (absent QOF "substantial improvement" requirements), tenant improvements or re-leasing costs, various other factors may affect the returns from this type of property in addition to the risks generally applicable to real estate, including, among other things, the design and adaptability of the property and the degree to which it is generally functional for industrial purposes, the proximity to highways and other means for the transportation of goods, the number and diversity of tenants among businesses or industries and the cost of converting a previously adapted space to general use. An industrial property may be more likely to have one or only a few tenants, which increases the risk that a decline in their operations or their particular business or industry segments may adversely affect the returns from the property. Industrial properties typically have short-term leases, which may increase the risk of vacancies. Additionally, a property designed for a particular use or function may be difficult to re-lease to another tenant or may become functionally obsolete compared to other properties. In addition, because of unique construction requirements of many industrial properties, many vacant industrial property spaces may not be easily converted to other uses.

Thus, if the operations of any industrial property become unprofitable, the liquidation value of that industrial property may be substantially less than would be the case if the industrial property were readily adaptable to other uses. Properties historically used for industrial, manufacturing and commercial purposes are more likely to contain, or may have contained, underground storage tanks for the storage of petroleum products and other hazardous or toxic substances. Investing in these properties will cause the Company to be subject to increased risk of liabilities under environmental laws and regulations. Furthermore, the presence of hazardous or toxic substances, or the failure to properly remediate these substances, may adversely affect the Company's ability to sell or rent an industrial property.

- *Retail Properties*. In many cases, the tenants of retail properties may negotiate leases containing certain exclusive rights to sell particular types of merchandise or services within a particular retail center. When leasing other space after vacancy by another tenant, these provisions may limit the number and types of prospective tenants for the vacant space. In addition, certain retail properties may be anchored by department stores and other large nationally recognized tenants. The value of investments could be materially and adversely affected if these "anchor" tenants fail to comply with their contractual obligations or cease their operations. In particular, certain department stores and other national retailers have experienced, and may continue to experience for the foreseeable future, considerable decreases in customer traffic in their retail stores due to, among other factors, increased competition from alternative retail options such as those accessible via the internet. As pressure on these department stores and national retailers increases, their ability to meet their obligations as a tenant may be impaired and result in closures of their stores or their seeking of lease modifications. Any lease modification could be unfavorable and could decrease rents or expense recovery charges. Other tenants in turn may be entitled to modify the economic or other terms of, or terminate, their existing leases in the event of closures by the "anchor" tenants.

- *Hospitality Properties*. Because hotel rooms generally are rented for very short periods of time, hospitality properties tend to be affected more quickly by adverse economic conditions and competition than other commercial properties. Hospitality properties are also affected by other particularized factors, including: franchise affiliation (or lack thereof); continuing expenditures for modernizing, refurbishing and maintaining existing facilities prior to the expiration of their anticipated useful lives; a deterioration in the financial strength or managerial capabilities of the owner and/or operator of a hotel or motel; and changes in travel patterns caused by changes in access, energy prices, strikes, relocation of highways, the construction of additional highways or other factors. The performance of a hotel property affiliated with a franchise or hotel management company depends in part on: the continued existence and financial strength of the franchisor or hotel management company; the public perception of the franchise or hotel chain service mark; and the duration of the franchise licensing or management agreements. Furthermore, the ability of a hotel to attract customers, and some of the hotel's revenues, may depend in large part on its having a liquor license. Liquor licenses may not be transferable (for example, in connection with a foreclosure). Moreover, the hotel and lodging industry is generally seasonal in nature; different seasons affect different hotels depending on type and location. This seasonality can be expected to cause periodic fluctuations in a hospitality property's room and restaurant revenues, occupancy levels, room rates and operating expenses. In addition, acts of war, terrorist activities, natural disasters and environmental disasters and pandemics can have a material adverse impact on the tourism and convention industries, which directly affects the revenues generated by hospitality properties. Finally, hospitality properties are facing new and increased competition from non-traditional market players, including those focused on the sharing economy, which may disrupt the hospitality industry and reduce demand for traditional hotels.

Investments in Land/New Development and Redevelopment Risks

The Company will focus on acquiring interests in undeveloped land or under-developed real property, which often is non-income producing. These and other assets acquired by the Company may require redevelopment in order to meet the Company's strategy or as part of the QOF "substantial improvement" requirements. To the extent that the Company acquires these assets, it will be subject to the risks normally associated with these assets, as well as the risks related to development and redevelopment activities. These risks include: the availability and timely receipt of zoning, building, land use and other regulatory or environmental approvals; the cost and timely completion of construction (including risks beyond the control of the Company, such as weather or labor conditions, insolvency of building contractors, the inability of contractors to perform their obligations or material shortages); defects in plans and specifications; and the availability of both construction and permanent financing on favorable terms. These risks could result in additional time between the acquisition of an asset and the realization of the Company's objectives for the asset, substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development or redevelopment activities once undertaken, any of which could have an adverse effect on the Company. Properties under development or redevelopment, or properties acquired to be developed or redeveloped, may receive little or no cash flow while costs and expenses continue to be incurred from the date of acquisition through the date of completion of development or redevelopment and may experience operating deficits after the date of completion. Further, any delay in completing the development or redevelopment of an asset may result in increased interest and costs and the potential loss of previously identified purchasers or tenants. In addition, real estate market, economic and other conditions may change during the course of development or redevelopment, making the development or redevelopment less attractive than at the time it was commenced.

Ground Leases

The Company may acquire real estate properties that are subject to ground leases. As a lessee under a ground lease, the Company may be exposed to the possibility of losing the property upon termination or an earlier breach by the Company of the ground lease, which may adversely impact the Company's investment performance. Furthermore, ground leases generally provide for certain provisions that limit the ability to sell certain properties subject to the lease. In order to assign or transfer rights and obligations under certain ground leases, the Company will generally need to obtain consent of the landlord of the property, which, in turn, could adversely impact the price realized from any sale.

Investments Involving Multiple Properties

Multi-property acquisitions are often more complex and expensive than single-property acquisitions, and may place additional demands on the Adviser or Sub-Adviser. Where multiple properties are acquired as a group, the Company may be required to purchase all properties as a package rather than declining the properties it does not want. If the Company is required to purchase one or more properties that it does not wish to acquire as part of a multi-property transaction, it may not be able to identify a buyer to acquire these properties, and thus may be required to operate or attempt to dispose of these properties. The Company may also be required to accumulate a large amount of cash to fund the acquisitions. Because of the foregoing, acquiring multiple properties in a single transaction may reduce the overall yield on the Company's portfolio.

Distressed or Troubled Assets; Turnaround Situations

The Company may make substantial investments in non-performing, underperforming, or other troubled assets, which involve a high degree of financial risk and are experiencing or are expected to experience

severe financial difficulties, which may never be overcome and, as a result, may lead to a loss of some or all of the Company's investment. These investments may have been originated by financial institutions that are insolvent, in serious financial difficulty, or no longer in existence; and, as a result, the standards by which these investments were originated, the recourse to the selling institution, or the standards by which these investments are being serviced or operated may be adversely affected. In addition, certain of the Company's investments may become subject to compromise and/or discharge under the U.S. Bankruptcy Code (the "Bankruptcy Code"). Entities that later file for relief as debtors in proceedings under Chapter 11 of the Bankruptcy Code may, in certain circumstances, be subject to litigation which could further impair value. Under certain circumstances, payments to the Company and distributions by the Company to Shareholders may be reclaimed in these proceedings if any payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment or the equivalent under the laws of certain jurisdictions. Bankruptcy laws may delay the ability of the Company to realize on collateral for loan positions held by it or may adversely affect the priority of the loans through doctrines such as equitable subordination. Bankruptcy laws may also result in a restructuring of the debt without the Company's consent under the "cramdown" provisions of the bankruptcy laws and may also result in a discharge of all or part of the debt without payment to the Company.

In addition, a property or entity involved in a turnaround situation entails significant risks if the Company's evaluation of the anticipated outcome of the situation should prove incorrect. Furthermore, an investment in a property or entity involved in a turnaround situation may be adversely impacted if the Company's evaluation of the timing of the outcome should prove incorrect.

Low-Income Areas

Prospective investment opportunities will primarily include projects and initiatives located in low-income areas, including, without limitation, low-income housing developments and businesses located in low-income areas. There are significant risks associated with the ownership of these projects and initiatives. There may be federal, state and local governmental regulatory restrictions on the operation, rental and transfer of these investments, such as the requirement that the owners of the investments rent or sell certain residential units to persons or families of low or moderate income and that the amount of rent that may be charged for these units may be less than market rates. These restrictions may adversely affect economic performance relative to properties that are not subject to these restrictions. For example, selling property that is subject to affordable housing regulatory restrictions may limit its sale price, and accordingly adversely impact the Company's investment performance. In addition, the long-term nature of investments in government-assisted housing limits the ability of the Company to vary its portfolio in response to changing economic, financial and investment conditions; these properties are also subject to changes in local economic circumstances and housing patterns, as well as rising operating costs, vacancies, rent collection difficulties, energy shortages and other factors which have an impact on real estate values. These properties also require greater management expertise and may have higher operating expenses than conventional housing projects.

Properties in low-income areas may also (a) be in an early stage of development and not have a proven operating history, (b) be operating at a loss or have significant variations in operating results, (c) be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, (d) require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, (e) rely on the services of a limited number of key individuals, the loss of any of whom could significantly adversely affect a project's performance, (f) face intense competition, including competition from companies and projects with greater financial resources, more extensive development, marketing and other capabilities, and a larger number of qualified management and technical personnel, (g) utilize innovative and untested operational and business strategies, including new business partnerships and teams, and (h) otherwise have a weak financial condition or be experiencing financial

difficulties that could result in insolvency, liquidation, dissolution, reorganization or bankruptcy of the project. Further, there is often less publicly available information concerning these properties than for larger, more established businesses. These risks may adversely affect the performance of the properties and result in substantial losses. Furthermore, many of the risks associated with investing in real estate described in this "Certain Risk Factors" section may be exacerbated in connection with properties in low-income areas.

A downturn in the economy may impact the success of businesses in low-income areas and the operations of tenants in low-income areas. Businesses in which the Company has invested may experience declining revenues or file for bankruptcy. In addition, tenants in properties held by the Company may experience declining revenues, vacate the premises early, or file for bankruptcy, which could reduce a tenant's ability to pay base rent, percentage rent or other charges. Further, the Company's ability to re-lease vacant spaces may be negatively impacted by the economic environment. As a result, a downturn in the economy could have a material adverse effect on the Company's performance.

Volatility of Property Income

The volatility of net operating income for a property may be influenced by matters such as the length of tenant leases, the creditworthiness of tenants, the level of tenant defaults, the ability to convert an unsuccessful property to an alternative use, new construction in the same market as the mortgaged property, rent control laws or other laws impacting operating costs, the number and diversity of tenants, the availability of trained labor necessary for tenant operations, the rate at which new rentals occur, the property's operating leverage (which is the percentage of total property expenses in relation to revenue), the ratio of fixed operating expenses to those that vary with revenues, and the level of capital expenditures required to maintain the property and to retain or replace tenants. A decline in the real estate market or in the financial condition of a major tenant will tend to have a more immediate effect on the net operating income of properties with short-term revenue sources (such as short-term or month-to-month leases) and may lead to higher rates of delinquency or defaults under mortgage loans secured by these properties. The Company will make acquisitions based upon analyses of current returns and estimates and projections of internal rates of return developed by the Adviser or the Sub-Adviser. Projections are inherently subject to uncertainty and factors beyond the control of the Adviser and the Sub-Adviser, and investors have no assurance that the acquisitions will yield the returns expected by the Adviser and the Sub-Adviser. It is possible that the Company will not be able to acquire assets at favorable prices or on favorable terms and conditions, thereby reducing expected returns. Failures in identifying or consummating investments on satisfactory terms could reduce the number of acquisitions that are completed and slow the Company's growth. Acquisitions entail risks that investments may not perform in accordance with expectations and that anticipated costs of improvements to bring an acquired property up to standards established for the market position intended for that property may exceed budgeted amounts, as well as general investment risks associated with any new real estate investment.

Environmental Risks and Potential Environmental Liability on Real Estate

Real estate assets are subject to numerous statutes, rules and regulations relating to environmental protection. Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate (which may include a lender in some instances) may be liable for non-compliance with applicable environmental and health and safety requirements, and may be required to investigate and clean up any hazardous or toxic substances or petroleum product releases at the property. An owner or operator may also be liable to a governmental entity or to third parties for non-compliance with applicable environmental and health and safety requirements and for property damage and for investigation, monitoring, removal, remediation and clean-up costs incurred by the parties in connection with contamination. These laws typically impose clean up responsibility and liability without

regard to whether the owner or operator knew of, was responsible for or caused the presence of, the contaminants, and the liability under these laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. The cost of investigation, remediation or removal of substances may be substantial, and the presence of substances or the failure to properly remedy the contamination on the property may adversely affect the owner's ability to sell or rent the property or to borrow using the property as collateral. The presence of hazardous materials on a property could also result in personal injury, property damage or similar claims by private parties. Persons who arrange for the disposal or treatment of hazardous or toxic substances or petroleum products at a disposal or treatment facility may also be liable for the costs of removal or remediation of a release of hazardous or toxic substances or petroleum products at the disposal or treatment facility, whether or not the facility is owned or operated by them. In certain circumstances, third-party lenders that have directed or had an active involvement in the environmental compliance activities or the day-to-day management of a borrower's facilities or that have taken possession of or title to the borrower's collateral may be liable for the costs of removal or remediation of a release of hazardous or toxic substances or petroleum products at the facility. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with contamination. The owner of a site may also be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. Certain federal, state and local laws, regulations and ordinances govern the removal, encapsulation or disturbance of asbestos- containing materials ("ACMs") when these materials are in poor condition or in the event of construction, remodeling, renovation or demolition of a building. These laws may impose liability for release of ACMs and may provide for third parties to seek recovery from owners or operators of real property for personal injury associated with ACMs.

There is the possibility of existing or future environmental contamination, including soil and groundwater contamination, as a result of the spillage of hazardous materials or other pollutants. The presence of hazardous or toxic substances, or the failure to properly remediate contamination, may adversely affect the Company's ability to sell real estate it acquires, either as an equity investment or through foreclosure on a loan investment, or to borrow using the property as collateral. In connection with its direct or indirect ownership and operation of real estate, the Company may incur liability for environmental costs. Additionally, changes in environmental laws or in the environmental condition of an asset may create liabilities that did not exist at the time of acquisition and that could not have been foreseen.

Environmental statutes, rules and regulations can also change or a condition of a real estate asset can change and lead to liabilities or obligations that did not exist or were not foreseen at the time of the investment. The cost of any required remediation and the Company's liability as to any real estate asset is generally not limited under these enactments and could exceed the value of the property and/or the aggregate assets of the Company.

Eminent Domain Risks

Municipalities and other government subdivisions may, in certain circumstances, seek to acquire certain assets of the Company through eminent domain proceedings. While the Company may seek to contest these proceedings which may be costly and may divert the attention of management from the operation of the Company, there can be no assurance that a municipality or other government subdivision will not succeed in acquiring assets of the Company. There is a risk that the Company will not receive adequate compensation for the assets acquired, or that the Company will not be able to recover all charges associated with divesting these assets.

Casualty Losses; Uninsurable Losses

The Company intends to maintain insurance on each of the properties it acquires, including terrorism, liability, fire and extended coverage, in amounts believed appropriate relative to the risks to those properties, subject to applicable deductibles. Insurance policies may have an overall cap on coverage, and insurable events may occur sequentially in time while subject to a single overall cap. To the extent insurance proceeds for one event are applied towards a cap and the Company experiences an insurable loss after the event, the Company's receipts from an insurance policy may be diminished or the Company may not receive any insurance proceeds. The Company may also require, prior to lending on a given real estate asset, that the owner or property manager obtain suitable comprehensive liability, fire and extended coverage insurance for the property of the types and in the amounts customarily obtained for similar properties. There are certain types of losses, however, generally of a catastrophic nature, including those due to earthquakes, floods, hurricanes, pandemics and other acts of God, which may be uninsurable or not economically insurable. Inflation, changes in building or zoning codes and ordinances, environmental considerations, and other factors may also make it infeasible to use insurance proceeds to replace an asset if it is damaged or destroyed. Under these circumstances, the insurance proceeds received by the Company might not be adequate to restore its economic position with respect to the affected asset. While individual assets may be held separately in different Underlying Vehicles, there is the potential for exposure across assets in the event of an uninsured or underinsured liability. In addition, the Company may need to initiate litigation in order to collect from an insurance provider, which may be lengthy and expensive and which ultimately may not result in a financial award.

Real Estate-Related Equity Securities

The Company may acquire common and preferred stock and other equity securities of real estate-related companies or businesses operating in qualified opportunity zones. Equity securities generally involve a high degree of risk and will be subordinate to the debt securities and other indebtedness of the issuers of equity securities. Prices of equity securities generally fluctuate more than prices of debt securities and are more likely to be affected by poor economic or market conditions. In some cases, the issuers of equity securities may be highly leveraged or subject to other risks such as limited product lines, markets or financial resources. In addition, actual and perceived accounting irregularities may cause dramatic price declines in the equity securities of companies reporting irregularities or that are rumored to be subject to accounting irregularities. The Company may experience a substantial or complete loss on individual equity securities.

Labor Relations

Certain properties, companies or businesses which the Company may operate or in which the Company may invest may have unionized work forces or employees who are covered by a collective bargaining agreement, which could subject its activities and labor relations matters to complex laws and regulations relating unionized work forces. Moreover, a business's operations and profitability could suffer if it experiences labor relations problems. Upon the expiration of any collective bargaining agreements, these properties, companies or businesses may be unable to negotiate new collective bargaining agreements on terms favorable to it, and its business operations at one or more of its facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating its collective bargaining agreements. A work stoppage at one or more of a business's facilities could have a material adverse effect on its business, results of operations and financial condition. Any problems may also adversely affect the Company's ability to implement its investment objectives.

Control Positions

The Company generally will seek acquisition opportunities that allow it to have significant influence on the management, operations and strategic direction of the properties, companies or businesses in which it acquires. The exercise of control and/or significant influence over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability characteristic of business operations may generally be ignored. The exercise of control and/or significant influence over a company or business could expose the assets of the Company to claims by a company or business, its security holders and its creditors.

Board Participation

The Company may be represented on the boards of directors of certain of the properties, companies or businesses in which it holds an interest or have its representatives serve as observers to boards of directors. Although these positions in certain circumstances may be important to the Company's strategy and may enhance the Adviser and the Sub-Adviser's ability to manage the Company's holdings, they may also have the effect of impairing the Adviser's or the Sub-Adviser's ability to sell the related asset when, and upon the terms, it may otherwise desire, and may subject the Company, the Adviser or the Sub-Adviser to claims it would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director related claims. In general, the Company will indemnify the Adviser, Sub-Adviser and their representatives from these claims.

Minority Positions

While the Company generally will seek to have a significant degree of influence or control over the affairs of the properties, companies or businesses in which it holds an interest, at times the Company could acquire minority equity or debt interests in properties, companies or businesses where the Company may have limited influence. These properties, companies or businesses may have economic or business interests or goals that are inconsistent with those of the Company and the Company may not be in a position to limit or otherwise protect the value of its interests in these properties, companies or businesses. The Company's control over the investment policies of these properties, companies or businesses may also be limited. This could result in the Company's interests being frozen in minority positions that incur substantial losses. This could also prevent the Company from realizing the value of its interests and distributing proceeds in a timely manner. In addition, although the Company will generally seek board representation in connection with its minority interests, there is no assurance that representations, if sought, will be obtained.

Investments with Similar Vehicles and Third Parties in Investments, Including Through Partnerships and Other Entities

It is expected that Similar Vehicles and/or third parties (which may include vehicles managed by the Adviser, the Sub-Adviser, their affiliates, or vehicles managed by third parties and/or vehicles that are advised by the Adviser or the Sub-Adviser but for which they do not have sole discretionary authority) may, from time to time, co-invest with the Company in one or more investments, including through jointly held partnerships, joint ventures or other entities. The Company generally anticipates that it will have entered into various co-operation terms intended to protect its interests in these arrangements and, in most cases, the terms of the venture will constitute control, shared control or significant influence over operations in favor of the Company.

Notwithstanding those terms, investing alongside one or more Similar Vehicles or other third parties will involve risks not present in investments where a third party is not involved, including the possibility that a

third-party partner or co-venturer may have financial difficulties resulting in a negative impact on the asset, may have economic or business interests or goals which are inconsistent with those of the Company, or may be in a position to take (or block) action in a manner contrary to the Company's investment objectives, or the increased possibility of default by, diminished liquidity or insolvency of, the third party, due to a sustained or general economic downturn. Furthermore, if a co-venturer defaults on its funding obligations, the Company may be required to make up the shortfall. The occurrence of any of the foregoing may have a material adverse effect on the Company and its investments. In addition, the Company may in certain circumstances be liable for the actions of its third-party partners or co-venturers. Investments made with third parties in joint ventures or other entities may involve carried interests and/or other fees payable to such third-party partners or co-investors.

Moreover, these risks are present whether or not a co-venturer is a third party. Because the Company may make investments alongside Similar Vehicles, the Adviser or the Sub-Adviser, after taking into account the interests of the Company, may in certain circumstances cause the Company to be restricted from taking any action with respect to a particular asset or group of assets, including potentially any sales transactions, absent the consent of such Similar Vehicle or a third party, which could have a material adverse effect on the Company. In such circumstances, the Similar Vehicle or third party may also be restricted from taking certain actions with respect to a particular asset or group of assets, including potentially any sale transaction.

Further, even where the Adviser, the Sub-Adviser and their affiliates have the ability to determine whether to engage in a transaction or make an investment determination on behalf of an asset held by both the Company and a Similar Vehicle, they may make a determination on behalf of a Similar Vehicle that differs from the determination it makes on behalf of the Company, which could cause a material adverse effect on the Company (including in the manner described above).

In addition, in order for a property to constitute QOZP, the property must be acquired from an unrelated party by purchase within the meaning of Section 179(d)(2) of the Code. While it is generally common for investment vehicles, such as the Company, to form partnerships, joint ventures and/or similar arrangements with property owners who contribute property, these arrangements may not be available to the Company due to the Company's intention to qualify as a QOF, in which case, certain otherwise attractive investment opportunities would not be available to the Company.

"Internal" versus "External" REIT Management; Limitations on Termination of the Advisory Agreement and the Sub-Advisory Agreement

Companies organized as REITs can be internally or externally managed. Internal management refers to a model in which key staff are employees of the company. By contrast, under an external management model, key staff, notably including the real estate acquisition and management teams, are not employees of the company and instead are employed by third-parties retained by contract to provide specified services to the company for a fee. REITs listed for trading on exchanges typically are internally managed, while privately offered REITs are commonly externally managed.

The Company is an externally managed REIT, and all key personnel are employees of either the Adviser or the Sub-Adviser. This presents both risks and benefits. On the one hand, it can be more efficient to contract for these services as a package rather than building, retaining and managing a diverse group of professional employees. That is especially so when the services are highly specialized and the requisite expertise not widely available – a circumstance which the Company believes applies to its operations. On the other hand, the Company is then dependent on third parties to manage key aspects of its operations and the near-term and long-term interests of the Company and Adviser/Sub-Adviser may not always be aligned.

A related risk with external management is that the Company's agreements with the Adviser and the Sub-Adviser are subject to limitations on their termination. As noted elsewhere, these agreements provide for termination by the Company only on specified and limited cause events. The Company believes these restrictions are appropriate in light of the specialized and long-term nature of the intended property acquisition program, but they limit the Company's flexibility in the event of disagreement or dissatisfaction with the Adviser or the Sub-Adviser. Among other things, it is also possible that these terms could prevent a listing of the Shares if a restructuring of the advisory arrangements was necessary or appropriate to the listing and the Adviser or the Sub-Adviser declined to agree to the restructuring.

Reliance on Day-To-Day Management Teams

The day-to-day operations of each company or business in which the Company acquires an interest in will be the responsibility of the company's or business's management team. Although the Adviser and the Sub-Adviser will be responsible for monitoring the performance of each business, there can be no assurance that the existing management team, or any successor, will be able to operate the company or business successfully. The success of a company or business is heavily dependent of the management of these companies. There can be no assurance that the management of a company or business will continue to manage the company or business through the life of the Company's holdings, or that the company or business will be able to recruit and retain successor management teams that are capable of operating the company or business successfully. In addition, instances of fraud, other deceptive practices and/or other misconduct committed by a management team may adversely affect the operations of that company or business. If fraud, other deceptive practices and/or other misconduct is discovered, it could adversely affect the valuation of the Company's holdings.

Dependence on Certain Personnel

All decisions with respect to the management of the assets of the Company will be made by the Adviser and the Sub-Adviser. The personnel of each of the Adviser and the Sub-Adviser are required to devote only the time and attention to the business of the Company as the Adviser and the Sub-Adviser in their sole discretion deem necessary or appropriate. Shareholders have no right to participate in the day-to-day management of the Company or to make any decisions with respect to the investments to be made by the Company.

Operating Turnarounds

In some cases, the success of the Company's strategy will depend in part on the ability of the Adviser or the Sub-Adviser to restructure and improve the operations of a company or business. Identifying and implementing restructuring programs and operating improvements entails a high degree of uncertainty, and there can be no assurance that the Adviser or the Sub-Adviser will be able to successfully do so.

Companies that File for Bankruptcy

The Company may hold properties, companies or businesses that are experiencing or are expected to experience financial difficulties. These financial difficulties may never be overcome and may cause these properties, companies or businesses to become subject to bankruptcy proceedings. These holdings could, in certain circumstances, subject the Company to certain additional potential liabilities that may exceed the value of the Company's original investments in these properties, companies or businesses. In addition, under certain circumstances, payments to the Company and distributions by the Company to Shareholders may be reclaimed if any payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. See "Certain Risk Factors—Risks Associated with Investment in Real Estate—

Distressed or Troubled Assets; Turnaround Situations." Furthermore, restructurings may be adversely affected by local statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability, and the bankruptcy court's discretionary power to disallow, subordinate, or disenfranchise particular claims. In instances when the Company is the general partner of an Underlying Vehicle, the Company may be exposed to certain risks from creditors through that Underlying Vehicle.

Privatizations

The Company may acquire interests in state-owned enterprises that are in the process of being transferred from government ownership to private ownership. There can be no assurance that any privatizations will be undertaken or, if undertaken, will be successfully completed. Changes in political or economic factors would result in changes in government policies towards privatization, and it is possible that governments may decide to return projects and companies to state ownership. These kinds of developments could negatively affect the value of the Company's holdings.

Additional Capital Requirements of Properties, Companies or Businesses

Certain properties, companies or businesses which the Company may operate or in which the Company may acquire interests in, especially those in a development phase, may require additional financing to satisfy their working capital requirements or acquisition strategies. Each round of financing (whether from the Company or other investors) is typically intended to provide a company or business with enough capital to reach the next major corporate milestone, and the amount of additional funding will depend upon the maturity and objectives of the company or business. If the funds provided are not sufficient, a company or business in which the Company operates or has an interest in may have to raise additional capital at a price unfavorable to the existing investors, including the Company. The Company also may make additional debt and equity investments or exercise warrants, options or convertible securities it acquired during its initial acquisition interest in the company or business in order to preserve the Company's proportionate ownership when a subsequent financing is planned, or to protect the Company's interest when the performance of the company or business does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of the Company or any company or business in which the Company may acquire an interest. There can be no assurance that the Company or the company or business in which the Company has an interest in will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

Follow-On Interests

Following the initial acquisition of an interest in a company or business, the Company may be called upon to provide additional funds or have the opportunity to increase its interest in the company or to fund additional acquisition interests through the company. There is no assurance that the Company will do so, or that the Company will have sufficient funds to, or be permitted to, acquire follow-on interests. Any decision by the Company not to acquire follow-on interests or its inability to make them may have substantial negative impact on the company or business in need of an investment, or may result in dilution of the Company's interest. There can be no assurance that the acquisition of a follow-on interest will be successful.

Impact of Recessionary Environment

The operation of properties or acquisition interests in properties, companies and businesses may be adversely affected by deteriorations and uncertainty in the financial markets and economic conditions throughout the world. Any deterioration or uncertainty could weaken the financial condition of

companies and businesses, causing them to operate at a loss or have significant variations in their operating results, or to be unable to secure financing for their future operations and capital needs. Real estate historically has experienced significant fluctuations and cycles in value and local market conditions which may result in reductions in the value of real property interests. All real estate-related investments are subject to the risk that a general downturn in the national or local economy will depress real estate prices, and these risks may be greater in connection with investments in low-income areas. Recent economic developments have increased, and may continue to increase, the risk associated with investing in properties, companies and businesses. Given the volatile nature of the current market disruption and the uncertainties underlying efforts to mitigate or reverse the disruption, the Company may not timely anticipate or manage existing, new or additional risks, contingencies or developments, including regulatory developments and trends in new products and services, in the current or future market environment. A failure could adversely affect the Company and its objectives or could require the Company to dispose of assets at a loss while unfavorable market conditions prevail.

Market and Credit Risks of Debt Investments

Although anticipated to be limited both in practice and by the various tax and regulatory constraints to which the Company is subject, the Company's investments may include debt investments. Portfolios with debt investments are subject to, among other risks, credit and interest rate risks, which may be exacerbated in connection with investments in low-income areas. "Credit risk" refers to the likelihood that a borrower will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of a borrower are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument. "Interest rate risk" refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. Current economic and market conditions, which include a volatile credit market, may accentuate credit and interest rate risks and expose the Company to a greater risk of loss. Fixed rate or similar debt investments will decline in value when interest rates rise. Also, because the value of real estate and certain other assets often declines when interest rates rise, the value of some of the collateral underlying certain of the investments may decline at the same time as the investments themselves decline. Therefore, rising interest rates could substantially reduce the value of the investments and the price that the Company would receive if it tried to dispose of them.

Expedited Transactions; Limited Due Diligence

For various reasons, the Adviser and the Sub-Adviser may only be able to conduct a limited due diligence review of an acquisition prior to making the acquisition. For example, investment analyses and decisions by the Adviser or the Sub-Adviser may frequently be required to be undertaken on an expedited basis to take advantage of acquisition opportunities. In these cases, the information available to the Adviser or the Sub-Adviser at the time of making a decision may be limited, and it may not have access to detailed information regarding the acquisition. In addition, the information that the Adviser or the Sub-Adviser does review may not be updated or revised and may be based on expectations, estimates and projections that are not current and therefore are not reliable. Further, the Adviser or the Sub-Adviser's due diligence may be based on assumptions regarding return expectations or outcomes that may be inaccurate. The Adviser and the Sub-Adviser have not, do not intend to and will not have the ability to verify the assumptions on which the information it reviews is based. Therefore, no assurance can be given that the Adviser and the Sub-Adviser will have knowledge of all circumstances that may adversely affect an acquisition, or that it will receive the information it needs to make a fully informed investment decision.

As a result, there may be items that, had they been discovered by the Adviser or the Sub-Adviser, would have resulted in the Adviser or the Sub-Adviser negotiating different terms or not making an investment at all. In addition, the Adviser and the Sub-Adviser may rely upon independent consultants in connection with their evaluation of proposed acquisitions. No assurance can be given as to the accuracy or completeness of the information provided by independent consultants and the Company may incur liability as a result of these persons' actions.

Risks of Acquisition Activities

The success of the Company depends, in large part, on the availability of a sufficient number of investment opportunities that fall within the Company's objectives and meet the requirements of the TCJA relating to QOFs, and the ability of the Adviser and the Sub-Adviser to identify, negotiate, close, manage and exit those investment opportunities.

The Company's acquisition activities and their success may be exposed to certain risks, including:

- the Adviser or the Sub-Adviser may not be able to locate and complete investments that enable the Company to invest all of its capital in opportunities that satisfy the Company's objectives and meet the requirements of the TCJA relating to QOFs, realize the value of these investments or fully invest the capital contributions to the Company;

- the Company may incur significant expenses in connection with the identification of acquisition opportunities and the investigation of other potential acquisitions that are ultimately not consummated;

- the Company may be unable to acquire a desired property, company or business, or to acquire the property, company or business on desirable terms, because of competition from other well-capitalized investors, including other real estate investment vehicles, publicly traded real estate investment trusts, public and private investment funds, hedge funds and other institutional investors, specialty investors (such as mortgage banks, pension funds, sovereign wealth funds and real estate operating companies), various types of financial institutions and their affiliates, family groups and wealthy individuals, some of which may have greater resources than the Company;

- even if the Company enters into an acquisition agreement for a property, company or business, an agreement would typically be subject to customary conditions to closing, including satisfactory completion of due diligence investigations, which may be costly;

- even if the Company is able to acquire a desired property, company or business, competition from other investors may significantly increase the purchase price paid;

- the Company may be unable to finance acquisitions on favorable terms;

- once acquired, an asset may fail to perform as the Company projected when analyzing its investments; and

- the Company's estimates of the costs associated with an asset, including the cost of repositioning, re-tenanting or refurbishing acquired properties, may be inaccurate.

The Company may also acquire properties, companies or businesses subject to known or unknown liabilities and with limited or no recourse. As a result, if liability were asserted against the Company based upon these properties, companies or businesses, the Company might have to pay substantial sums

to dispute or remedy the matter, which could adversely affect the Company's cash flow and returns. Unknown liabilities with respect to properties, companies or businesses acquired could include, for example: liabilities for clean-up of undisclosed environmental contamination; claims by tenants, vendors or other persons relating to the former owners; liabilities incurred in the ordinary course of business; and claims for indemnification by general partners, directors, officers and others indemnified by the former owners. As a result, even if suitable investments are made, the Company's financial condition and results of operations could be materially and adversely affected, and the objective of the Company may not be achieved.

Dependence on Property Managers

The Company is expected to rely on the expertise of property managers who are responsible for the day-to-day management of properties. However, no assurances can be provided that the Company will be able to identify any appropriate property managers. In addition, the selection of property managers is inherently based on subjective criteria, making the true performance and abilities of a particular property manager difficult to assess. The reliance on third parties to manage or operate investments poses significant risks. For example, a property manager may suffer a business failure, become bankrupt or engage in activities that compete with investments. These and other problems, including the deterioration of the business relationship between the Company and the property manager, could have an adverse effect on the Company. There can be no assurance that the Company will be able to establish or continue these relationships with respect to the Company as desired with respect to any sector or geographic market and on terms favorable to the Company. In addition, the fees and expenses of these property managers that are borne by the Company may be significant, which could have a material adverse effect on the Company's performance.

Risks of Terrorism or Acts of War; Terrorism Insurance

It is possible that a major event (such as a terrorist attack) or other circumstance could provoke immediate dramatic changes in general market psychology and could motivate widespread variation in the absolute and relative pricing of financial assets, real estate assets, and the availability of financing for assets. An attack could have a variety of adverse consequences for the Company and/or its assets. The Company may not be able to insure against these risks because insurance coverage may be unavailable or only available at prohibitive cost.

Accurate Evaluations Affected by Assumptions

In evaluating potential acquisitions for the Company, a number of assumptions may be made. The use of different estimates or assumptions could result in different projected returns or produce materially different values for the Company's assets.

The Company May Incur Significant Costs Complying with Regulations

The operations of the Company and the acquisitions made by the Company will be subject to federal, state and local laws, rules and regulations, which could materially adversely affect the Company. For example, real estate properties are subject to various laws, ordinances, rules and regulations, including regulations relating to lien sale rights and procedures. In addition, property management activities are often subject to state real estate brokerage laws and regulations as determined by the particular real estate commission for each state. The Company may also incur significant costs in attempting to comply with the provisions of the TCJA relating to QOFs, which are subject to interpretation and will require legislative and/or administrative clarification. See "Certain Tax Considerations—Qualified Opportunity Fund Tax Benefits." Changes in U.S. federal, state and local laws, rules and regulations, and, to the

extent applicable, non-U.S. laws, rules and regulations, could negatively affect the Company and its investments.

Litigation

In the ordinary course of its business, the Company may be subject to litigation from time to time both as a plaintiff and as a defendant. Litigation can arise as a result of defaults, bankruptcies, board participation and/or other reasons. The expense of defending against claims made against the Company, the Adviser, the Sub-Adviser and/or their respective principals and affiliates by third parties and paying any amounts pursuant to settlements or judgments would be borne by the Company to the extent that (a) the Company has not been able to protect itself through indemnification or other rights against the asset, (b) the Company is not entitled to these protections or (c) the asset not solvent.

Litigation may also be commenced with respect to a business, property, or other asset held by the Company or its subsidiaries in relation to activities that took place prior to the Company's investment in the asset (e.g., problems not uncovered in due diligence). Litigation may arise in connection with a particular investment held by the Company following the sale by the Company of the asset. The Company may also be exposed to litigation resulting from the activities of tenants or their customers.

The outcome of any proceedings involving the Company or the investments may materially adversely affect the Company and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the Adviser's or the Sub-Adviser's time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. Under the Charter, the Advisory Agreement and the Sub-Advisory Agreement, the Company will generally be responsible for indemnifying the Adviser, the Sub-Adviser and related parties for costs they may incur with respect to litigation. See "Limitations of Liability and Indemnification."

Risk of Bridge Financings

Certain properties, companies or businesses which the Company may operate or in which the Company may invest may be made with the intent of selling, refinancing or otherwise reducing the Company's investment, including by way of co-investment, after the closing of an investment. The Company's strategy may also depend, in part, upon its ability to obtain financing or other third-party equity investments after initially agreeing to consummate these investments or to sell participations or senior interests in debt investments, potentially through private markets, capital markets, collateralized debt obligations transactions or otherwise. There can be no assurance in these instances that co-investors will accept their entire allocation of a co-investment opportunity offered to them or that the Company will be otherwise successful in completing co-investments, financings or other transactions designed to reduce or leverage an investment, or that the terms of financings or other transactions will be attractive when closed. If the Company is unable to complete an anticipated transaction, its assets will be less diversified and the Company may have greater exposure to certain assets than the Company may have intended. In particular, if a portion of an investment is expected to be sold to co-investors after closing, the Company may be required to bear all or a portion of the broken-deal expenses associated with that transaction if the acquisition is not consummated (generally intended to be in proportion to the amount of capital intended to be invested). If the co-investors decline to participate, the Company may ultimately be required to retain a significantly larger investment than desired.

Generally, in the case of the Company reducing its investment by way of co-investment, co-investments will be acquired at a price determined by the Adviser, the Sub-Adviser and the co-investors, which may be by reference to the Company's cost of the investment, including an allocable portion of costs and expenses, or otherwise depending on the facts and circumstances at that time. However, there can be no

assurance that the transaction price will necessarily reflect the value of the investment. In addition, the risk of not completing an anticipated transaction may increase in the event the investment decreases in value while held by the Company and the Company will be required to bear the losses of the investment if the transaction is not consummated or if required to sell the co-investment at a reduced price in order to reduce the Company's exposure to the investment.

Leverage

The Company expects to utilize leverage as part of its acquisition program or otherwise, either directly and/or indirectly through the Underlying Vehicles, as determined by the Adviser and Sub-Adviser in their sole discretion. The Company will have the flexibility to borrow funds and utilize leverage for these purposes (including to make and improve investments (including construction and property development loans), meet operational needs or fund anticipated expenses of the Company), at times and in amounts as the Adviser may determine in its sole discretion from time to time. Leverage may take the form of borrowed money, asset or subscription based credit facilities, trading on margin and other forms of borrowing. In order to secure any borrowings, the Company may pledge its assets. The rights of any lenders to the Company to receive payments of interest or repayments of principal will be senior to those of the Shareholders, and the terms of any borrowings may contain provisions that limit certain activities of the Company and further limit the ability of a Shareholder to transfer its Shares.

In addition, investments in Underlying Vehicles and/or investments in other vehicles in which the Company invests may incur leverage or be levered. The Company may guarantee the obligations of Company investments and/or investment vehicles, including in respect of customary key principal, non-recourse carve-out, "bad acts," equity commitment or other performance-related matters (including, for example, completion, construction, environmental, leasing cost, etc.), principal repayment, cost-overrun, carry obligations, permitted hedging activities or other similar guarantees. There can be no assurance that these guarantees or letters of credit will not have adverse consequences for the Company. If any Company investment defaults on its obligations, the Company will be required to satisfy the obligation, in which case the Company may make a larger investment in the investment than initially expected. In order to do so, the Company may liquidate some or all of its investments prematurely at potentially significant discounts to fair value.

The use of leverage by the Company can substantially increase the adverse impact to which the Company's assets may be subject. In addition, the Company will incur expenses in connection with any leverage it utilizes (e.g., interest charges and commitment fees), which expenses could be significant.

There can be no assurance that the Company will be able to obtain indebtedness on terms similar to terms available to competitors, including terms which may be currently available in the market, or that indebtedness will be accessible by the Company at any time, and to the extent that it is available there can be no assurance that this indebtedness will be on terms favorable to the Company. The failure by the Company to obtain indebtedness on favorable terms (or at all) could adversely affect the returns of the Company.

There can be no assurance that the Company will have sufficient cash flow to meet its debt service obligations. In addition, certain types of financing obtained by the Company may include mandatory prepayment provisions that allow the financing provider to demand partial or full repayment of the financing if certain events occur, such as a significant reduction in the value of the investments provided by the Company to secure or otherwise support the financing. If the Company is unable to meet a prepayment obligation, it may forfeit its interest in the collateral securing the financing and/or may be required to liquidate investments at disadvantageous prices in order to raise the funds needed to repay the

financing. Moreover, lenders could require the Company to sell some or all of its investments, or could foreclose on those investments prematurely, causing the Company to suffer losses.

Valuation

General

Although valuations will be determined with the assistance of the Company's administrator and one or more third-party evaluators or appraisers under the supervision of the Board, no assurance can be provided that the value of the Company's investments used to calculate the NAV of the Company (and thus the pricing for the issuance of new Shares or the repurchase of Shares or the calculation of the Advisory Fee or the accrual for or payment of the Incentive Fee) or the Underlying Vehicles will be reflective of the price at which investments could have been sold. To the extent NAV is determined based on valuations that are higher than subsequent consideration might warrant, new Shares will be sold at prices that might be viewed as "inflated," to the benefit of existing Shareholders and the detriment of new Shareholders. To the extent NAV is determined based on valuations that are lower than subsequent consideration might warrant, the opposite will be true. Similar effects apply in the pricing for a repurchase of Shares. The Company's valuation procedures provide for adjustments in property valuations from time to time in good faith, but do not provide for retroactive adjustments based solely on new information.

For the period that the Reimbursement Agreement is outstanding through the date that all deferred expenses have been waived or recovered, expenses incurred by the Company may not be applied to the Company in the period in which they are incurred. This shift in expenses is expected to cause the NAV of the Company and of each class of Shares to be higher during the periods in which such operating expenses are deferred than it otherwise would have been in the absence of the Reimbursement Agreement.

Because each of the Advisory Fee, Sub-Advisory Fee and Incentive Fee (under certain circumstances) is determined by reference to NAV, each of the Adviser and the Sub-Adviser will be incentivized to recommend valuations that are higher than otherwise in order to maximize amounts payable to themselves. See "Net Asset Valuation Calculation and Valuation Guidelines."

Valuations and Appraisals Are Estimates of Fair Value and May Not Necessarily Correspond to Realizable Value

Valuations of properties will be determined by the Company based in part on appraisals of each of the Company's properties by independent third-party appraisal firms reviewed by the Independent Valuation Advisor at least once per year in accordance with valuation guidelines maintained by the Board. Within the parameters of the Company's valuation guidelines, the valuation methodologies used to value the Company's properties will involve subjective judgments and projections and may not be accurate. Valuation methodologies will also involve assumptions and opinions about future events, which may or may not turn out to be correct. Valuations and appraisals of the Company's properties and real estate-related securities will be only estimates of fair value. Ultimate realization of the value of an asset depends to a great extent on economic, market and other conditions beyond the Company's control and the control of the Adviser, the Sub-Adviser and the Independent Valuation Advisor. Further, valuations do not necessarily represent the price at which an asset would sell, since market prices of assets can only be determined by negotiation between a willing buyer and seller. The carrying value of an asset may not reflect the price at which the asset could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. In addition, accurate valuations are more difficult to obtain in times of low transaction volume because there are fewer market transactions that can be considered in

the context of the appraisal. There will be no retroactive adjustment in the valuation of these assets, the offering price of Shares, the price paid to repurchase Shares or NAV-based fees paid to the Adviser and Sub-Adviser to the extent valuations prove to not accurately reflect the realizable value of the Company's assets.

NAV Calculations Are Not Governed by Governmental or Independent Securities, Financial or Accounting Rules or Standards

The methods used by the Company to calculate its NAV, including the components used in calculating the NAV, are not prescribed by rules of the SEC or any other regulatory agency. Further, there are no accounting rules or standards that prescribe which components should be used in calculating NAV, and the Company's NAV is not audited by the Company's independent registered public accounting firm. The components and methodology used in calculating the NAV may differ from those used by other companies now or in the future.

In addition, calculations of NAV, to the extent that they incorporate valuations of the Company's assets and liabilities, are not prepared in accordance with U.S. GAAP. These valuations may differ from liquidation values that could be realized in the event that the Company was forced to sell assets.

Additionally, errors may occur in calculating the NAV, which could impact the price at which the Company sells and repurchases Shares and the amount of the Advisory Fee, Sub-Advisory Fee or Incentive Fee. The Company expects to implement certain policies and procedures to address errors in NAV calculations. If errors were to occur, the Company, depending on the circumstances surrounding each error and the extent of any impact the error has on the price at which Shares were sold or repurchased or on the amount of the Advisory Fee, the Sub-Advisory Fee or the Incentive Fee, may determine in its sole discretion to take certain corrective actions in response to these errors, including, subject to the Company's policies and procedures, making adjustments to prior NAV calculations.

Hedging Transactions

The Company may or may not employ hedging techniques. These techniques could involve a variety of derivative transactions, including futures contracts, exchange-listed and over-the-counter put and call options on securities, financial indices, forward foreign currency contracts, and various interest rate transactions (collectively, "Hedging Instruments"). Hedging techniques involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of Hedging Instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of the Company's positions. In addition, certain Hedging Instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, the Company may not be able to close out a transaction in these instruments without incurring losses substantially greater than the initial deposit. Although the contemplated use of these instruments is intended to minimize the risk of loss due to a decline in the value of the hedged position, at the same time they tend to limit any potential gain which might result from an increase in the value of a position. The ability of the Company to hedge successfully will depend on the ability of the Adviser and the Sub-Adviser to predict pertinent market movements, which cannot be assured.

Cash or Cash Equivalents

Shareholders are required to fully-fund their subscriptions on the applicable closing date. Subject to the discussion in "Certain Risk Factors—Risks Related to the Uncertainty of and Compliance with the QOF Rules," the Company may hold a significant portion of its assets in cash, cash equivalents, other short-term securities, or investments in money market funds pending investment. In addition, subject to the

discussion in "Certain Risk Factors—Risks Related to the Uncertainty of and Compliance with the QOF Rules," the Adviser may cause the Company to hold reserves in order to fund expenses or other operational needs, or otherwise in the sole discretion of the Adviser. The Company may be prevented from achieving its objective during any period in which the Company's assets are not substantially invested in accordance with its principal investment strategy.

Investors May Experience a Partial or Total Loss of Capital

The Company is intended for long-term investors who can accept the risks associated with investing in the Company's investments. The possibility of partial or total loss of Shareholders' capital exists, and prospective Shareholders should not subscribe unless they can readily bear the consequences of the loss.

Illiquidity

Because there are restrictions on the transferability of the Shares, because repurchases of Shares are highly limited, and because Shareholders must hold the QOF investment for at least ten years to fully realize the tax benefits of the QOF program, Shareholders may be required to bear the economic risk of an investment in the Company for an indefinite period of time. There can be no assurances as to when the Company will (or will be able to) make distributions to Shareholders. Furthermore, the Company may distribute securities or other economic interests (which may themselves have limited liquidity) rather than cash to Shareholders.

There is no market for the Shares and none is expected to develop, except for the possibility of a Public Listing or Sale. The Shares have not been registered under the securities laws of any jurisdiction, including the United States and each of its states, and cannot be sold or otherwise transferred by investors unless they are subsequently registered under applicable law or an exemption from registration is available. Restrictions on the transfer, sale, hypothecation, or encumbrance of the Shares are required by various provisions of law, including the federal securities laws, tax requirements applicable to real estate investment trusts and the Employee Retirement Income Security Act of 1974, as amended, among others, and the provisions of the Charter.

The Company May Reinvest Distributions

Subject to applicable tax regulations, the Company may invest and reinvest, in its sole discretion, all or a portion of its available cash (including cash received from subscriptions, dispositions of or distributions from investments, and proceeds from leverage) in accordance with its investment program.

To the extent amounts are reinvested, a Shareholder will remain subject to investment and other risks, including the risk of loss. The objective of reinvesting amounts is to provide ongoing additional capital to potentially increase the total return from investments to the Shareholders. If reinvested proceeds are lost, the loss would offset at least a portion of any gains, and may exceed any prior gains that may have been realized from prior investments. The Company may determine not to reinvest all or a portion of the proceeds from its investments in new investments in connection with its compliance with Subchapter Z and related legislation or administrative guidance and no assurances can be provided in this regard.

Certain Risks Related to the Company's Reinvestment of Capital and Distributions

SHAREHOLDERS SHOULD NOT EXPECT TO RECEIVE SUFFICIENT CASH DISTRIBUTIONS FROM THE COMPANY TO SATISFY ANY PORTION OF THEIR TAX OBLIGATIONS, INCLUDING THOSE RELATED TO GAINS DEFERRED BY THEIR INITIAL INVESTMENT IN THE COMPANY, WHICH ARE DEFERRED, AT THE LATEST, UNTIL 2026.

If the Company does not have sufficient cash to make distributions necessary to preserve its REIT status for any year or to avoid the excise taxes described above, it may choose to borrow funds or sell assets even if the market conditions at that time are not favorable for these borrowings or sales.

Alternatively, required distributions may be made in forms other than cash, including by issuing additional Shares. As agent for the Shareholders who do not opt out of receiving a particular required distribution in Shares, the Company may consent to the issuance of Shares to Shareholders and treat the issuance of Shares as a "consent dividend" for tax purposes, while any other Shareholders receive a distribution in cash (any issuance of additional Shares will dilute the NAV of the existing Shares).

DISTRIBUTIONS, WHETHER OR NOT IN CASH, GENERALLY ARE TREATED AS TAXABLE TO THE SHAREHOLDERS RECEIVING THEM.

While available cash may be limited for many reasons, the Company will generally seek to distribute net income from investments, including in order to satisfy annual REIT dividend payment requirements, at least in part through cash dividends. In considering whether cash is available for distribution, the Company will evaluate its current and anticipated expenses, working capital and funding obligations, including current and future investments. Moreover, the Company expects that a significant portion of its assets will be invested in the development of various real estate properties. Development projects are unlikely to produce distributable income until the projects are completed and stabilized, which is unlikely to occur in the initial years of the Company's life, if at all. No assurance can be given that the Company will make any cash distributions to Shareholders prior to its dissolution. In addition, the Company may determine not to make distributions for a wide variety of reasons, including in order to comply with any legislation, regulation or administrative guidance relating to QOFs, whether currently existing or published after the date of this Memorandum.

Multiple Closings; Dilution of Shares

Additional investors may subscribe for Shares following the Company's Initial Closing. Additional Shareholders are expected to participate in all investments made by the Company prior to the subsequent closing date on which they invest.

Additional subscriptions, as well as any share repurchases, will dilute the indirect interests of existing Shareholders in the Company's investment portfolio prior to any purchase. In addition, as certain of the tax benefits of investing in a QOF are determined by reference to each Shareholder's holding period for its investment in the Company, additional Shareholders may not receive certain tax benefits.

No Right of Redemption

No Shareholder or other person holding Shares acquired from a Shareholder will have the right to require the Company to redeem the Shares. No public market for Shares exists, and none is expected to develop in the future. Consequently, Shareholders may not be able to liquidate their investment other than as a result of repurchases of Shares by the Company, as described below.

The Ability to Have Shares Repurchased through the Repurchase Plan is Limited

The Board may modify, suspend or terminate the Repurchase Plan if it deems this action to be in the Company's best interest. Substantially all of the Company's assets are expected to consist of properties that may not generate income and cannot generally be readily liquidated without impacting the ability to realize full value upon their disposition. Therefore, the Company may not always have a sufficient amount of cash to immediately satisfy repurchase requests. Should repurchase requests, in the

Company's sole judgment, place an undue burden on the Company's liquidity, adversely affect operations or risk having an adverse impact on the Company as a whole, or should the Company otherwise determine that investing liquid assets in real properties or other illiquid investments rather than repurchasing Shares is in the best interests of the Company as a whole, then the Company may choose to repurchase fewer Shares than have been requested to be repurchased, or none at all. The Company may, but has no obligation to, incur leverage (or additional leverage) in order to fund repurchase requests. See "Certain Risk Factors—Leverage" for certain risks associated with the incurrence of leverage. Further, in the event that Shareholder requests for repurchases exceed the Repurchase Amount on a Repurchase Date, Share repurchases will reduced on a *pro rata* basis based upon the amounts requested. Because the Company is not required to authorize the recommencement of the Repurchase Plan within any specified period of time, the Company may effectively terminate the Repurchase Plan by suspending it indefinitely. Additionally, repurchases may be limited or prohibited to prevent a violation of the 9.8% common stock ownership limit or any other restriction on ownership and the transfer of Shares set forth in the Charter, or for other tax and ERISA compliance considerations. Repurchases also may be subject to payment of preferred dividends and any applicable limitations under Maryland law. As a result, the ability of Shareholders to have Shares repurchased should be understood as highly limited and at times Shareholders may not be able to liquidate their investments.

Economic Events that May Cause Shareholders to Request Share Repurchases May Materially Adversely Affect the Company

Economic events affecting the U.S. economy, such as the general negative performance of the real estate sector, could cause Shareholders to seek to sell Shares to the Company pursuant to the Repurchase Plan at a time when these events are adversely affecting the performance of the Company's assets. Even if the Company decides to satisfy all resulting repurchase requests, the Company could be materially adversely affected. In addition, if the Company determines to sell assets to satisfy repurchase requests, it may not be able to realize the return on these assets that it may have been able to achieve had it sold at a more favorable time, and the results of operations and financial condition, including, without limitation, breadth of the Company's portfolio by property type and location, could be materially adversely affected.

No Operating History; Past Performance of Affiliated Vehicles

The Company has no operating history upon which prospective investors can evaluate their future performance. The past performance of investment vehicles managed or advised by the Adviser, the Sub-Adviser or associated persons with, is not intended to be, and should not be construed as, an indication of the likely future performance of the Company. The Company's results of operations depend upon the availability of suitable investment opportunities for the Company and the performance of the Company's investments. There can be no assurance that the Company will achieve its investment objective.

Maryland Law and the Charter Limit the Rights of the Company and Shareholders to Recover Claims Against the Company's Directors and Officers

Maryland law provides that a director will not have any liability as a director so long as he or she performs his or her duties in accordance with the applicable standard of conduct. In addition, the Charter will generally limit the personal liability of the Company's directors and officers for monetary damages subject to the limitations of Maryland law. Maryland law and the Charter provide that no director or officer will be liable to the Company or Shareholders for monetary damages unless the director or officer (1) actually received an improper benefit or profit in money, property or services or (2) was actively and deliberately dishonest as established by a final judgment and material to the cause of action. Moreover, the Charter generally requires the Company to indemnify and advance expenses to the Company's directors and officers for losses they may incur by reason of their service in those capacities unless their

act or omission was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty, they actually received an improper personal benefit in money, property or services or, in the case of any criminal proceeding, they had reasonable cause to believe the act or omission was unlawful.

Loss on Dissolution and Termination

In the event of dissolution and termination of the Company, the proceeds, if any, realized from the liquidation of assets will be distributed to the Shareholders, but only after satisfaction of any claims or expenses. The ability of the Shareholders to participate in the proceeds, if any, will depend on the amount of funds so realized and the claims to be satisfied therefrom.

It is possible that at the time of the sale or distribution, certain assets held by the Company would be worth less than the initial cost of the assets, resulting in a loss to the Shareholders. In addition, the Company may hold investments that are not sold prior to the date on which the Company dissolves.

Exit Opportunities

The Company anticipates holding substantially all of its acquisitions for at least ten years, although no assurance can be provided in this regard.

While the Company generally anticipates being a long-term owner of its assets, it may seek to dispose of individual assets at any time. The Company also may determine, in its discretion and, if required under applicable law, subject to Shareholder approval (in accordance with the Shareholders' Agreement), to (i) dispose of all or substantially all of the Company's assets in a single transaction or a series of related transactions, (ii) engage in one or more mergers, consolidations or other business combination transactions, including with a Similar Vehicle, a Successor Vehicle, another vehicle managed, advised or sub-advised by the Adviser or the Sub-Adviser, or their affiliates (or any another entity that has an economic stake in the assets of the Company), or another publicly-traded and exchange-listed REIT, as a result of which the Shareholders will dispose of or exchange all of their Shares for cash, securities or other property of any kind, or (iii) cause the Company to engage in a public listing on a national securities exchange of the Shares (each such transaction, a "Public Listing or Sale"). The Board also may designate any transaction or series of transactions as a Public Listing or Sale so long as, as a result of the transaction or series of transactions, either the Shares (or any successor interests to the Shares) are listed on a national securities exchange or converted into or exchanged for cash, or the Company is liquidated and dissolved. As further described in the Shareholders' Agreement, the Company will have the right to cause all Shareholders to vote in favor of a Public Listing or Sale and to sell their Shares in a single transaction or a series of related transactions pursuant to a Public Listing or Sale.

The Company intends to structure exit opportunities in a manner that preserves the tax benefits afforded under the QOF program, although no assurance can be given that all of the tax benefits of the QOF program will be realized by any or all Shareholders.

If the Adviser or the Sub-Adviser seeks a sale of the Company's investments as a sale of one or more portfolios containing multiple investments, it is expected than any sale would be at a price lower than the aggregate sales prices individual assets would have obtained.

In connection with a Public Listing or Sale, the Adviser or the Sub-Adviser may seek to provide certain information regarding investments in public filings or otherwise to various government or private entities. To the extent Similar Vehicles, Successor Vehicles or the investments themselves are unable to provide this information or are unwilling to consent to the use of this information for this purpose, the ability to

effectuate a Public Listing or Sale may be materially restricted. A combined Public Listing or Sale may give rise to potential conflicts of interest, including with respect to the consideration the Company, and ultimately the Shareholders, receive in a Public Listing or Sale relative to the consideration received by Similar Vehicles. See "Potential Conflicts of Interest" below.

In connection with any Public Listing or Sale, the Company could either (i) assemble an internal management team, which would make future investment decisions and otherwise operate the Company, or (ii) continue the external management structure through the Adviser (or a subsidiary of the Adviser) and the Sub-Adviser. The Company also may reorganize into another legal entity in the same or a different jurisdiction. Due to legal, regulatory and/or other considerations, certain Shareholders may be unable to participate in a Public Listing or Sale. The Company also may elect, in its discretion, to list an entity comprised of only a portion of the Company's assets. At the time of the Public Listing or Sale, the acquisition program of the Company may provide for the Company to continue to make acquisitions (utilizing distributions of cash from existing assets, proceeds of sales of assets, leverage or proceeds from the issuance of new securities), or to solely or principally manage existing assets, to be determined in the sole discretion of the Company.

The Company may enter into an agreement with one or more Similar Vehicles to engage in a Public Listing or Sale on a joint basis, or to provide for various tag-along, drag-along, put or call rights, in connection with a Public Listing or Sale. While it is generally expected that any such agreements will benefit the Company by simplifying the management of an exit from assets held in common with such Similar Vehicles, the exercise of these rights could disadvantage the Company or one or more investors, and could result in an investor directly or indirectly receiving a lower price for its direct or indirect interest in the Company or its assets than it otherwise would have received.

In connection with any Public Listing or Sale, the current Advisory Fee and Sub-Advisory Fee, in addition to the incentive fee structure, may be modified and/or replaced by a different compensation structure.

Generally, the Company will reinvest proceeds from the sale, financing or disposition of properties in a manner consistent with the Company's investment objective, although the Company may be required to distribute proceeds to the Shareholders in order to comply with REIT requirements or may otherwise use proceeds to fulfill repurchase requests, make distributions, or satisfy expenses or other obligations of the Company.

Market Events

The Company and its holdings may be adversely affected by economic or financial market disruptions or changes in economic conditions that occur during the life of the Company, including, for example, changes in interest rates, inflation rates, industry conditions, competition, technological developments, trade relationships, political and diplomatic events and trends, tax laws and innumerable other factors. None of these conditions will be within the control of the Company, the Adviser or the Sub-Adviser. Economic and financial market disruptions may magnify the risks described in this Memorandum and may have other adverse effects, including increased volatility and illiquidity in the global credit, debt and equity markets generally, significantly tightened availability of credit, increased risk of failure of brokers, counterparties, exchanges and other systemically important institutions, and declines in the market values of Company investments and/or market values generally. Any economic or financial market deterioration or uncertainty could weaken the financial condition of companies and businesses, causing them to operate at a loss or have significant variations in their operating results, or to be unable to secure financing for their future operations and capital needs. Real estate historically has experienced significant fluctuations and cycles in value and local market conditions which may result in reductions in the value of real

property interests. All real estate-related assets are subject to the risk that a general downturn in the national or local economy will depress real estate prices, and these risks may be greater in connection with investments in low-income areas. The Company may be unable to timely anticipate or manage existing, new or additional risks, contingencies or developments relating to market deterioration or disruption. These conditions could lead to losses and diminished investment opportunities for the Company, could prevent the Company from successfully meeting its objective or could require the Company to dispose of assets at a loss while the unfavorable market conditions prevail. In addition, market disruptions could result in sudden changes to regulatory requirements or other government intervention implemented on an "emergency" basis, which may suddenly prevent the Adviser or the Sub-Adviser from implementing the Company's strategy or from managing the risk of the Company's assets. See "Certain Risk Factors—Regulatory Environment and Changes in Applicable Law; Disclosure of Information Regarding Shareholders." Any of the above could have a material adverse effect on the Company and its assets.

During periods in which the Adviser or the Sub-Adviser determines that economic or market conditions are unfavorable to investors and a defensive strategy would benefit the Company, the Company may temporarily depart from its investment program. It is impossible to predict when, or for how long these alternative strategies will be utilized. There can be no assurance that such strategies will be successful. The Company may from time to time acquire assets or securities that do not qualify as qualified opportunity zone property.

Counterparty Risk

The Company is subject to the risk of the failure or default of any counterparty to its (or the Underlying Vehicle's) transactions. The Company may be subject to risk of loss of assets placed on deposit with a broker by the Company in the event of the broker's bankruptcy. If there is a failure or default by the counterparty to a transaction, the Company expects to have contractual remedies pursuant to the agreements related to the transaction. However, in the case of another party's bankruptcy, the Company might not be able to recover any of its assets held, or amounts owed, by that person, even property specifically traceable to the Company, and, to the extent assets or amounts are recoverable, the Company might only be able to recover a portion of the amounts. Further, even if the Company is able to recover a portion of the assets or amounts, the recovery could take a significant period of time. Prior to receiving any recovery, the Company may be unable to transact in the assets involved. This could result in significant losses to the Company.

In seeking to preserve the qualification of the Company as a QOF, the Company may be required to contribute cash to its property acquisition projects prior to when there is a current need for the capital because the QOF rules do not treat capital commitments of the Company as qualifying property. In the absence of the QOF rules, the Company would have more latitude to make capital commitments to a project over time, including for example in response to capital calls or as certain project development milestones are met. While the Company expects to have contractual remedies pursuant to the agreements related to the transactions, early advances of cash by the Company and other limits on the Company's ability to manage project cash flow may expose it to greater project risk.

Regulatory Environment and Changes in Applicable Law; Disclosure of Information Regarding Shareholders

The Company must comply with various legal requirements, including requirements imposed by the federal and state securities laws and tax laws. Moreover, should any of those laws change over the term of the Company, the legal requirements to which the Company may be subject could differ materially from current requirements. The regulatory environment for private investment vehicles generally is

evolving, and changes in the direct or indirect regulation of private investment vehicles may adversely affect the ability of the Company to pursue its investment strategy. For example, changes in law or regulations could subject the Company to discovery requests, which could require the Company to bear significant fees. The Company, the Adviser, the Sub-Adviser or their affiliates may be required to disclose proprietary information regarding the Company, its assets or the Shareholders in respect of any proper discovery requests. Any disclosure could have an adverse effect on the Company, its assets and the Shareholders.

Moreover, the Company, the Adviser, Sub-Adviser or any of their respective affiliates and/or service providers or agents may from time to time be required or may, in their sole discretion, determine that it is advisable to disclose certain information about the Company and the Shareholders, including, but not limited to, assets held by the Company and the names and level of beneficial ownership of Shareholders, to (i) one or more regulatory and/or taxing authorities of certain jurisdictions that have or assert jurisdiction over the disclosing party or in which the Company invests and/or (ii) one or more counterparties of, or service providers or lenders to, the Adviser, the Sub-Adviser or the Company, provided that these counterparties or service providers are obligated to maintain the confidentiality of this information. By virtue of entering into the Company's subscription agreement, each Shareholder will have consented to any disclosure relating to the Shareholder.

Certain Protections under the Federal Securities Laws Not Available

Collectively, the federal securities laws can provide for a variety important shareholder protections governing matters such as specific disclosure and governance requirements, custody terms, content requirements for investment advisory agreements, and the like. However, because of the nature of the Company's operations, the securities laws that otherwise might apply generally are not applicable, and their related shareholder protection provisions often are unavailable. In particular: (i) the Shares are not registered under the Securities Act; (ii) the Company does not consider itself to be subject to registration as an "investment company" under the Investment Company Act, and (iii) because of the real estate focused activities of the Company, it is also possible that neither the Investment Adviser nor Sub-Adviser will consider the Company – whether now or in the future – to be an "advisory client" for purposes of the Advisers Act. The Sub-Adviser is not currently registered as an investment adviser under the Advisers Act. The Advisers Act applies to advisers providing investment advice with respect to securities. The Sub-Adviser will be advising on the acquisition, management, development, redevelopment, improvement, renovation, rehabilitation and disposition of the properties that the Company will own and not on "securities portfolios" or with respect to securities.

Organizational Documents Drafted on Instructions of the Adviser

The Adviser has consulted with counsel, accountants and other experts regarding the Company and the preparation of this Memorandum. The Organizational Documents were drafted on the instructions of the Adviser and by the Company's special Maryland counsel. None of these counsel, attorneys or other experts represent the Shareholders. Accordingly, each prospective investor should consult its own legal, tax and financial and other advisers regarding the desirability of an investment in the Company.

Dependence on Technology; Cybersecurity

The Company and its service providers depend on computer systems, including hardware and software, in the management and operation of the Company's funds, including for research, valuation and trading. The use of computer systems is subject to a number of inherent and unpredictable risks resulting from malfunctions and errors, such as telecommunications failures, software related "system crashes," deterioration and failure of hardware and power loss. In addition, the Company's service providers'

computer systems may be vulnerable to cyber-attacks, including computer viruses, malicious code and unauthorized data breaches. These events could cause interruptions in the operations of the Company, may result in the improper use or disclosure of confidential information relating the Company and/or the Shareholders, and could result in significant losses and/or reputational harm to the Company and the Shareholder. While the Company takes reasonable precautions to prevent, identify and treat errors, malfunctions and cyber-attacks, there can be no assurance that the Company or any of its service providers will be able to respond in a timely manner as a result of technological advancements and issues that may go undetected for a significant period of time. Moreover, the Company will have no control over, and will have no ability to prevent malfunctions or cyber-attacks to, its service providers' computer systems. Similar risks apply at the level of the Underlying Vehicles and the properties or businesses in which the Company invests.

Certain Tax Considerations

Certain tax risks associated with an investment in the Company are discussed below. See "Certain Tax Considerations."

Certain ERISA Considerations

Certain ERISA (as defined below) considerations associated with an investment in the Company are discussed below. See "Certain Regulatory Considerations—Certain ERISA Considerations."

POTENTIAL CONFLICTS OF INTEREST

The Adviser, the Sub-Adviser and their affiliates may engage in a broad spectrum of activities. In addition to real estate acquisitions, this includes real estate development, redevelopment, improvement, renovation and rehabilitation, asset management activities, financial advisory activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions, and other activities. The Adviser's business also has included in the past providing seed capital to hedge fund managers and hedge funds. Thus, references to "affiliates," as used in this section, may include such managers and funds.

The Adviser, the Sub-Adviser and their affiliates may engage in acquisition and investment activities that are independent from and that may from time to time conflict with those of the Company. In the future, instances may arise where the interests of Similar Vehicles, the Adviser, the Sub-Adviser and their affiliates conflict with the interests of the Shareholders. The Adviser, the Sub-Adviser and their affiliates may engage in activities in the normal course of their business that may conflict with the interests of the Shareholders. The Adviser, the Sub-Adviser and their affiliates may provide services to, invest in, advise, sponsor and/or act as investment manager to investment vehicles and other persons or entities (including prospective investors in the Company) which may have similar structures and acquisition objectives and policies to those of the Company and which may compete with the Company for investment opportunities and which may co-invest with the Company. Conflicts of interest involving the Company include, but are not limited to, the following.

Transactions by the Adviser and the Sub-Adviser

The Adviser, the Sub-Adviser and their affiliates may pursue acquisitions in connection with their existing businesses or a new line of business without first offering the opportunity to the Company. Such an opportunity could include an acquisition that competes with the Company or with an acquisition the Company has made.

Advising Other Accounts

The Company's results may differ significantly from results achieved by the various affiliates described above. The Adviser and the Sub-Adviser will manage the Company and their other accounts in accordance with their respective objectives and guidelines. However, the Adviser, the Sub-Adviser, their personnel, or one of their affiliates may give advice, and take action, with respect to any current or future account that may compete or conflict with the advice the Adviser or the Sub-Adviser may give to the Company, or may involve a different timing or nature of action than with respect to the Company.

Acquisitions or other transactions undertaken by other accounts managed or advised by, and the proprietary accounts of, the Adviser, the Sub-Adviser, their personnel, and their affiliates may adversely impact the Company. The Adviser, the Sub-Adviser, their personnel, and their affiliates, and accounts that they manage, may buy or sell assets while the Company is undertaking the same or a differing, including potentially opposite, strategy, which could disadvantage the Company. In addition, such transactions may have the effect of diluting or otherwise disadvantaging the values, prices or strategies of the Company, particularly, but not limited to, in small capitalization or less liquid assets.

Similar Investment Vehicles

As described in "Summary of Principal Terms—Similar Investment Vehicles," the Adviser, the Sub-Adviser or an affiliate may establish, manage, advise or sub-advise Similar Vehicles.

Similar Vehicles may co-invest with the Company in one or more transactions, which will give rise to certain conflicts of interest. In particular, Similar Vehicles may invest in many, if not all, of the same assets as the Company, including potentially through or alongside the Underlying Vehicles. However, in order to address legal, tax, regulatory and/or other considerations, or as a result of the timing of the establishment of the applicable Similar Vehicles, a Similar Vehicle may not participate (fully or partially) in a particular transaction by the Company (and vice versa) or a Similar Vehicle may participate in a transaction on different terms or using a different structure than the Company. In addition, a Similar Vehicle may transact at a different time than the Company, which could have a material adverse effect on the Company and its assets, including the liquidity or valuation of the transaction.

The Company and/or Underlying Vehicles may also transfer a portion of any acquisition to a Similar Vehicle after it has been consummated or after a term sheet or other binding or non-binding commitment has been entered into by the Company but before the Company has funded any payments in respect of the acquisition.

The Company may make and pursue acquisitions and bear expenses in connection with the expectation of offering a portion of the acquisition as a co-investment opportunity to a Similar Vehicle (or any other co-investor). In the event that the Company is not successful in transferring the co-investment, in whole or in part, the Company may consequently hold a greater concentration and have more exposure in the related acquisition than initially was intended, which could make the Company more susceptible to fluctuations in value resulting from adverse economic and/or business conditions. In addition, in the event the acquisition is not consummated, the Company may bear all or a portion of the broken-deal expenses associated with that transaction (generally intended to be in proportion to the amount of capital proposed to be invested).

Because the Company may make acquisitions alongside Similar Vehicles, the Adviser or the Sub-Adviser, after taking into account the interests of the Company, may in certain circumstances cause the Company to be restricted from taking any action with respect to a particular acquisition or group of acquisitions, including potentially any sales transactions, absent the consent of the Similar Vehicle or a third party, which could have a material adverse effect on the Company. Notwithstanding the fact that the Company may be the general partner of the Underlying Vehicles, in these circumstances, the Similar Vehicle or third party may also be restricted from taking certain actions with respect to a particular investment or group of acquisitions, including potentially any sale transaction. Further, even where the Adviser or the Sub-Adviser has the ability to determine whether to engage in a transaction on behalf of any Underlying Vehicle held by both the Company and a Similar Vehicle, it will be subject to potential conflicts of interests as the interests of the Company and the Similar Vehicle may not be aligned. By way of example, as described in "Certain Risk Factors—Risks Related to the Uncertainty of and Compliance with the QOF Rules—Ten-Year Holding Period," one of the potential benefits of investing in a QOF is the potential for exclusion from income of any appreciation in the value of Qualified Shares held by an investor for at least 10 years upon the sale or exchange of the investor's Shares. Subchapter Z provides that, in the case of any investment in a QOF held by an investor for at least 10 years (for which the investor has made an election), the basis of the investor's Shares will be equal to the fair market value of the Shares on the date that the investment is sold or exchanged. In order to take advantage of this, the Company and any Similar Vehicles that have made an acquisition alongside the Company may determine to sell the interests in the Company and such Similar Vehicles through one common transaction. Because investors may have invested on different dates and for various other reasons, the shares of investors in such Similar Vehicles, on the one hand, and investors in the Company, on the other hand, may not be aligned as to the timing and terms of any sale. As a result, the Adviser or the Sub-Adviser may, after taking into account the interests of the Company, determine in certain circumstances not to engage, or may cause the Company to be restricted from engaging, in a sale transaction if the timing or terms of the transaction are not attractive to such Similar Vehicles or their investors or to a third party, even if the

timing or terms is attractive to the Company or may determine to delay any transaction until a time that is optimal for such Similar Vehicles.

The terms of any Similar Vehicle may vary significantly from the terms of the Company. For example, a Similar Vehicle may be subject to management fees and/or performance allocations or fees that are lower (or higher) or calculated in a different manner than that of the Company.

Allocations of opportunities among investment vehicles managed by the Adviser or the Sub-Adviser, and their affiliates, will be made in accordance with each entity's allocation policies and procedures. This may result in Similar Vehicles receiving an opportunity that the Company does not receive, and could raise various other conflicts of interest.

Persons affiliated with or related to the Adviser or the Sub-Adviser and their principals (including without limitation foundations established or managed by them) may participate in one or more transactions along with the Company, or may engage in related transactions, which could raise potential conflicts of interests.

The activities of the Similar Vehicles described above may present risks and conflicts of interests. Returns generated from the Company's activities may not adequately compensate investors for the business and financial risks assumed. The Company is also subject to risks unique to QOFs. In addition, present and future activities of the Adviser and the Sub-Adviser, and their affiliates, may give rise to potential conflicts of interest. To the extent the Company has multiple closings, the interests of different investors may be adverse to those of other investors as to qualification as a QOF under the TCJA.

Relationship between the Adviser and the Sub-Adviser

Investment vehicles managed by the Adviser invested seed capital into certain investment vehicles managed by an affiliate of the Sub-Adviser, and those investment vehicles and an Adviser affiliate who also invested negotiated for certain rights in connection with the seed investment. The investment vehicles managed by an affiliate of the Sub-Adviser are in their harvest periods or liquidation periods. Among other things, the extent of these business relationships may affect the objectivity of the Adviser in evaluating the performance of the Sub-Adviser with respect to the Company. Other conflicts of interest may arise with respect to this interrelationship and may disadvantage the Company in certain situations.

Placement Agent Conflicts of Interest

The Adviser or its affiliates may make certain payments to Placement Agents from its or their own resources. Thus, the Placement Agents and their registered representatives may have a conflict, when advising investors and prospective investors, between their interest in advising such persons for the benefit of such investors and their interest in receiving or continuing to receive such compensation.

Allocation of Opportunities

As further described in "Similar Investment Vehicles" above, the Adviser, the Sub-Adviser or an affiliate may establish, manage, advise or sub-advise Similar Vehicles.

The Adviser and the Sub-Adviser may have potential conflicts of interest in connection with the allocation of investments or transaction decisions for the Company, including in situations in which the Adviser, the Sub-Adviser, their affiliates and personnel have interests (e.g., other investment vehicles and co-investment vehicles). In the future, the Adviser, the Sub-Adviser, and their affiliates may establish or advise accounts (including Similar Vehicles and co-investment vehicles) that have strategies that are

similar to those of the Company. This will create potential conflicts and potential differences among the Company and other accounts, particularly where there is limited availability or limited liquidity. Each of the Adviser and the Sub-Adviser have developed policies and procedures that provide that it will transact in opportunities and make purchase and sale decisions among the Company and other accounts in a manner that it considers, in its sole discretion, to be reasonable and equitable over time.

The Adviser and the Sub-Adviser will make allocations for the Company and other accounts with reference to various factors that may include relative sizes and expected future sizes, objectives and guidelines, risk tolerance, availability of other opportunities, whether an investment is a follow-on opportunity and available cash for investment. Although allocating opportunities among the Company and other accounts may create potential conflicts of interest because of the interests of the Adviser, the Sub-Adviser, their affiliates and personnel, or because the Adviser, the Sub-Adviser, or one of their affiliates may receive greater fees or compensation from one of the account's allocated opportunities, the Adviser and the Sub-Adviser will not make allocation decisions based on these interests or greater fees or compensation.

Allocation decisions among accounts may be more or less advantageous to any one account or group of accounts. The Adviser or the Sub-Adviser may determine that transactions are appropriate for one or more accounts or for itself or an affiliate, but not for the Company, or are appropriate for, or available to, the Company but in different sizes, terms or timing than is appropriate for other accounts. Therefore, the amount, timing, structuring or terms of a transaction by the Company may differ from, and resulting returns may be lower than, transactions for other accounts.

Pursuit of Rejected Opportunities

Pursuant to the Sub-Advisory Agreement, in the event that the Adviser declines an acquisition opportunity presented by the Sub-Adviser on behalf of the Company, the Sub-Adviser may elect to pursue such opportunity on behalf of itself or its other clients. In the event the Sub-Adviser elects to pursue such an opportunity on behalf of itself or its other clients, it may do so on terms, including with respect to fees, or in a structure that is substantially different than that which was initially presented to the Company.

Devotion of Time to Company Affairs

Each of the Adviser and the Sub-Adviser, and each of their members, officers and employees engage in other activities unrelated to the affairs of the Company. These activities could be viewed as creating a conflict of interest in that the time and effort that could be devoted exclusively to the business of the Company may be allocated between the business of the Company and the management of the other clients of the Adviser, the Sub-Adviser, and their affiliates. The Advisory Agreement and the Sub-Advisory Agreements provide that each of the Adviser and the Sub-Adviser, and each of its directors, members, stockholders, partners, officers, employees and controlling persons, will devote only the time and attention to the affairs of the Company as each determines is appropriate in order to fulfill its duties under its respective agreement with the Company.

Corporate Opportunities

The Charter provides that, if any of the Company's directors or officers who is also as officer, employee or agent of the Adviser, the Sub-Adviser, or any of their respective affiliates (any such director or officer, a "Advisor Director/Officer") acquires knowledge of a potential business opportunity, the Company renounces, on its behalf and on behalf of its subsidiaries, any potential interest or expectation in, or right to be offered or to participate in, such business opportunity to the maximum extent permitted from time to

time by Maryland law. Accordingly, to the maximum extent permitted from time to time by Maryland law, (1) no Advisor Director/Officer is required to present, communicate or offer any business opportunity to the Company or any of its subsidiaries and (2) the Advisor Director/Officer, on his or her own behalf or on behalf of the Adviser, the Sub-Adviser, or any of their respective affiliates, will have the right to hold and exploit any business opportunity, or to direct, recommend, offer, sell, assign or otherwise transfer such business opportunity to any person or entity other than the Company; provided, however, that the foregoing shall not apply in a case in which an Advisor/ Director Officer is presented with a business opportunity solely in his or her capacity as a director or officer of the Company (a "Retained Opportunity").

The taking by an Advisor Director/Officer for himself or herself, or the offering or other transfer to another person or entity, of any potential business opportunity, other than a Retained Opportunity, will not constitute or be construed or interpreted as (1) an act or omission of the Advisor Director/Officer committed in bad faith or as the result of active or deliberate dishonesty or (2) receipt by the Advisor Director/Officer of an improper benefit or profit in money, property, services or otherwise.

Borrowings from Affiliates

The Company may incur borrowings or other forms of indebtedness from the Adviser, the Sub-Adviser and/or its affiliates on an interest-free basis. For example, the Company may determine to commit for investment an amount greater than the Company's aggregate capital available for investment, in anticipation of future subscriptions. In such case, the Company may borrow from the Adviser, the Sub-Adviser or an affiliate thereof on an interest-free basis in order to consummate such investment. In the event the Company is unable to raise sufficient capital from additional Shareholders to repay such borrowings, the interests of the Adviser, the Sub-Adviser and the Company may diverge, creating a potential conflict of interest. For instance, as a creditor of the Company, the Adviser or the Sub-Adviser may be incentivized to manage the Company in a manner that is more risk averse than it would have otherwise. Moreover, certain conflicts of interest described herein may be exacerbated.

Use of Valuations

A valuation is only an estimate of value and is not a precise measure of realizable value. Ultimate realization of the market value of an asset depends to a great extent on economic and other conditions beyond the control of the Company. Further, valuations do not necessarily represent the price at which an asset would sell because definitive market prices of real estate investments can only be determined by negotiation between a willing buyer and seller. Accurate valuations are more difficult to obtain in times of low transaction volume because there are fewer market transactions that can be considered. If the Company were to liquidate a particular investment, the realized value may differ from the valuation determined by the Company. The carrying value of may not reflect the price at which the investment could be sold, and the difference between carrying value and the ultimate sales price could be material.

The Advisory Fee, the Sub-Advisory Fee and the Incentive Fee (under certain circumstances) are determined by reference to the Company's monthly NAV, notwithstanding that each of the Adviser and the Sub-Adviser may have important roles in determining company valuations. Any valuations include subjective analysis of the fair market value of the Company's investments, and requires the use of techniques that are costly and time-consuming, the expenses of which will be borne by the Company.

Performance-Based Compensation

The obligation to pay the Incentive Fee may create an incentive for the Adviser and the Sub-Adviser to cause the Company to undertake transactions that are riskier or more speculative than would be the case

in the absence of a performance-based compensation arrangement. Any other performance-based compensation that the Adviser or the Sub-Adviser or one of its affiliates may be entitled to receive from certain other funds, and from certain investors, may also create the same incentive. In addition, as the Incentive Fee is determined by reference to realized (or in some cases unrealized) gains of the Company without any reference to its qualification (or lack thereof) as a QOF or investors' tax obligations (or their receipt of any tax benefits from investing in a QOF), the Adviser and the Sub-Adviser may be incentivized to make and realize investments in a manner that maximizes the returns of the Company, even if these actions may not be fully consistent with REIT or QOF qualification goals or with maximizing QOF tax benefits. For instance, the Company may sell an investment prior to holding the investment for 10 years, notwithstanding that appreciation in Shares held for more than 10 years may be completely excluded from income.

For purposes of calculating the Incentive Fee, a Public Listing or Sale may be treated as a distribution to the extent of the value of the Company at the time immediately prior to the Public Listing or Sale. No additional independent appraisals need be obtained in assessing valuations at that point or for that purpose. The portion of the deemed distribution accruing may in this instance be payable in the form of equity in the public entity based upon the valuation. The Adviser and the Sub-Adviser may have an incentive to influence a higher value for the Company at the time immediately prior to the Public Listing or Sale, which would increase the Incentive Fee. Similar incentives are present at the time of any repurchase of Shares.

In the event of a Public Listing or Sale, or upon the repurchase of Shares, the Incentive Fee may be based on unrealized gains. There can be no assurance that such unrealized gains will, in fact, ever be recognized. Furthermore, the valuation of unrealized gain and loss may be subject to material subsequent revision.

Diverse Interests

The various types of investors in the Company may have conflicting investment, tax and other interests with respect to their investment in the Company. When considering making a potential investment, or potentially disposing of an investment, the Adviser or the Sub-Adviser may consider the investment objectives of the Company as a whole and not the investment objectives of any investor individually, or may take into account the tax or other status of one group or type of investors and not others. The Adviser or the Sub-Adviser may make decisions, including with respect to tax matters, from time to time that may be more beneficial to one type of investor (or former investor) than another, or to the Adviser, the Sub-Adviser or their affiliates than to investors unaffiliated with the Adviser or the Sub-Adviser. For example, only Shareholders that qualify as Qualified Shareholders (as discussed in "Certain Tax Considerations—Qualified Opportunity Fund Tax Benefits—Qualification for Deferral") may be eligible for certain tax benefits. Certain of the tax benefits that are potentially available to investors investing in a QOF are determined by the length of time these investors hold their investment in a QOF and the Adviser, and the Sub-Adviser will have no duty to, and likely will not, take into account the length of time any individual investor has held its Shares in managing the Company's assets, including dispositions.

Investments by the Adviser, the Sub-Adviser and their Affiliates

Certain principals and personnel of the Adviser and the Sub-Adviser may invest in the Company. The Adviser or the Sub-Adviser may be incentivized to manage the Company in a manner that is more risk averse (or that is riskier) than it would have otherwise. Moreover, certain conflicts of interest described in this Memorandum may be exacerbated.

The directors, officers and employees of the Adviser, the Sub-Adviser and their affiliates may buy and sell securities or other investments for their own accounts (including through funds managed or advised by the Adviser, or the Sub-Adviser and their affiliates). As a result of differing strategies or constraints, holdings and positions may be taken by directors, officers and employees that are the same, different from or made at different times than holdings or positions taken for the Company. To reduce the possibility that the Company will be materially adversely affected by the personal trading described above, the Adviser, the Sub-Adviser and their affiliates have established policies and procedures that restrict activity in the personal accounts of investment professionals and others who normally come into possession of information regarding the Company's portfolio and transactions. Each of the Adviser and the Sub-Adviser have adopted a code of ethics and monitoring procedures relating to certain personal securities transactions.

Other investment accounts managed by the Adviser invest in third-party managed funds that will have a wide variety of business and/or investment interests. Those interests could extend to various dealings with properties and businesses in which the Company invests. For example, development projects often require financing, and increasingly non-bank lenders such as investment funds are providers of that financing, either as a lender or upon syndication of the project debt. In such an instance, it is possible that another account managed by the Adviser could have indirect exposure to the project through the third-party investment fund's interest in the project debt. In many instances, the Adviser may be unaware of those connections. If the Adviser were aware of a connection, it would present a conflict of interest for the Adviser (e.g., in balancing the interests of the project versus the other client accounts) in that the project's interests could be adverse to the holders of the project debt.

Indemnities

The Adviser, the Sub-Adviser, the Administrator and certain of their affiliates may be entitled to indemnities from the Company for certain liabilities, costs and expenses they incur in respect of the Company. See "Limitations of Liability and Indemnification."

Media and SALT Conference

Anthony Scaramucci, founder of the Adviser, and other personnel of the Adviser, regularly appear as knowledgeable market participants on various television programs. These appearances could create actual or perceived conflicts of interest.

Further, SALT Venture Group, LLC ("SALT"), a company affiliated with the Adviser, hosts a large investment conference biannually in the U.S. and abroad. The conference has grown to include participation by over 1,800 thought leaders, public policy officials, business professionals, investors and money managers from around the world. The relationship with SALT may raise actual or perceived conflicts of interest.

On any issue involving actual conflicts of interest, each of the Adviser and the Sub-Adviser will be guided by their good faith judgment as to the best interests of the Company. In the event that any matter arises that the Adviser or the Sub-Adviser determines in their good faith judgment to constitute an actual conflict of interest between the Company, on one hand, and the Adviser or the Sub-Adviser, on the other, the Adviser or the Sub-Adviser may take any actions as may be necessary or appropriate to ameliorate the conflict. These actions may include consultation with each other or the Board, disposing of the asset held by the Company giving rise to the conflict of interest, foregoing a transaction opportunity or the like.

CERTAIN REGULATORY CONSIDERATIONS

No Registration under the Securities Act

Shares are not and will not be registered under the Securities Act, in reliance upon the exemptions from registration provided by Regulation D under the Securities Act. Shares are being offered and sold only to "accredited investors," as defined in Regulation D under the Securities Act.

The Company intends to utilize general solicitation means in connection with the sale of the Shares in reliance on the exemption from registration provided in Rule 506(c) of Regulation D under the Securities Act. The Company is required to take reasonable steps to verify that purchasers of Shares are "accredited investors." In the event that a person who is not an "accredited investor" acquires Shares and the Company is deemed not to have complied with the reasonable verification requirement set forth in Rule 506(c), the Company could lose its exemption from registration.

To verify that purchasers of Shares are "accredited investors," the Company may:

- review copies of IRS forms reporting a purchaser's income for the two most-recent years and obtain the purchaser's written representation that the purchaser has a reasonable expectation of reaching the income level necessary to qualify as an "accredited investor" during the current year;

- review one or more of the following types of documentation, dated within the prior three months, and obtain the purchaser's written representation that all liabilities necessary to make a determination of net worth have been disclosed:

    - for assets: bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments and appraisal reports issued by independent third parties; and

    - for liabilities: a credit report from at least one of the nationwide consumer reporting agencies; or

- rely on a written confirmation from a registered broker-dealer, an SEC-registered investment adviser, a licensed attorney or a certified public accountant (a "Permitted Third Party Verifier") that the person or entity has taken reasonable steps to verify that the purchaser is an accredited investor within the prior three months and has determined that the purchaser is an accredited investor.

The Company generally intends to rely on written confirmations by Permitted Third Party Verifiers.

No Registration under the Investment Company Act

A company is an "investment company" under the Investment Company Act:

- under Section 3(a)(1)(A), if it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or

- under Section 3(a)(1)(C), if it is engaged, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and owns, or proposes to acquire, "investment securities" having a value exceeding 40% of the value of its total assets (exclusive of government securities and cash items) on an unconsolidated basis, which is commonly referred to

as the "40% test." The term "investment securities" generally includes all securities except U.S. government securities and securities of majority-owned subsidiaries that are not themselves investment companies and are not relying on the exemption from the definition of investment company under Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

The Company plans to conduct its business primarily through the Underlying Vehicles, which are generally where its assets will be held. The Underlying Vehicles will hold real estate and real estate-related assets directly, sometimes by acquiring fee interests in real property. The Underlying Vehicles also may comprise joint ventures holding and operating real estate.

Given these arrangements, the Company intends that its operations and those of the Underlying Vehicles comply with the 40% test. The Company will continuously monitor its holdings on an ongoing basis to determine compliance with this test. The Company expects that the Underlying Vehicles will not be relying on exemptions under either Sections 3(c)(1) or 3(c)(7) of the Investment Company Act. Consequently, interests in the Underlying Vehicles generally will not constitute "investment securities." Accordingly, the Company believes that it and the Underlying Vehicles will not be considered investment companies under Section 3(a)(1)(C) of the Investment Company Act.

In addition, the Company believes that neither it nor any of the Underlying Vehicles will be considered an investment company under Section 3(a)(1)(A) of the Investment Company Act because they will not engage primarily or hold themselves out as being engaged primarily in the business of investing, reinvesting or trading in securities. Rather, the Company and the Underlying Vehicles will be primarily engaged in acquiring or developing real estate. Consequently, the Company expects that neither it nor any of the Underlying Vehicles will be required to register as an investment company under the Investment Company Act.

One or more exemptions under the Investment Company Act may be available to the Company, including the exemption provided by Section 3(c)(5)(C) of the Investment Company Act, which is available for entities "primarily engaged in the business of purchasing or otherwise acquiring mortgages and other liens on and interests in real estate." The SEC staff has taken the position that this exemption, in addition to prohibiting the issuance of certain types of securities, generally requires that at least 55% of an entity's assets must be comprised of mortgages and other liens on and interests in real estate, also known as "qualifying assets," and at least another 25% of the entity's assets must be comprised of additional qualifying assets or a broader category of assets referred to as "real estate-related assets" under the Investment Company Act (and no more than 20% of the entity's assets may be comprised of miscellaneous assets).

Assuming it seeks to rely on this exemption, the Company will classify its assets for purposes of the 3(c)(5)(C) exemption based upon no-action positions taken by the SEC staff and interpretive guidance provided by the SEC and its staff. These no-action positions are based on specific factual situations that may be substantially different from the factual situations the Company may face, and a number of these no-action positions were issued more than twenty years ago. No assurance can be given that the SEC or its staff will concur with the Company's classifications of its assets. In addition, the SEC or its staff may, in the future, issue further guidance that may require the Company to re-classify its assets for purposes of the Investment Company Act. If the Company is required to re-classify its assets, the Company may no longer be in compliance with the exemption from the definition of an investment company provided by Section 3(c)(5)(C) of the Investment Company Act.

For purposes of determining whether the Company satisfies the 55%/25% test (again, if that exemption is sought), based on certain no-action letters issued by the SEC staff, the Company intends to classify its fee interests in real property, held by the Company directly or through an Underlying Vehicle, as qualifying

assets. In addition, based on no-action letters issued by the SEC staff, the Company will treat its investments in any joint ventures that in turn invest in qualifying assets such as real property as qualifying assets, but only if the Company is active in the management and operation of the joint venture and has the right to approve major decisions by the joint venture; otherwise, they could be classified as real estate-related assets. The Company will not participate in joint ventures in which it does not have or share control to the extent that the Company believes the participation would potentially threaten its status as a non-investment company exempt from the Investment Company Act.

Qualifying for any exemption from registration under the Investment Company Act will limit the Company's ability to make certain otherwise attractive investments.

Although the Company intends to monitor its portfolio, there can be no assurance that the Company will be able to maintain this exemption from registration.

A change in the value of any of the Company's assets could negatively affect the Company's ability to maintain its exemption from regulation under the Investment Company Act. To maintain compliance with the any applicable exemption, the Company may be unable to sell assets it would otherwise want to sell and may need to sell assets it would otherwise wish to retain. In addition, it may have to acquire additional assets that it might not otherwise have acquired or may have to forgo opportunities to acquire assets that it would otherwise want to acquire and would be important to its investment strategy.

To the extent that the SEC or its staff provides more specific guidance regarding any of the matters bearing upon the definition of investment company and the exemptions to that definition, the Company may be required to adjust its strategy accordingly. On August 31, 2011, the SEC issued a concept release and request for comments regarding the Section 3(c)(5)(C) exemption (Release No. IC-29778) in which it contemplated the possibility of issuing new rules or providing new interpretations of the exemption that might, among other things, define the phrase "liens on and other interests in real estate" or consider sources of income in determining a company's "primary business." Any additional guidance from the SEC or its staff could provide additional flexibility to the Company, or it could further inhibit the Company's ability to pursue the strategies chosen.

If the Company is required to register as an investment company under the Investment Company Act, it would become subject to substantial regulation with respect to its capital structure (including its ability to use borrowings), management, operations, transactions with affiliated persons (as defined in the Investment Company Act), and portfolio composition, including disclosure requirements and restrictions with respect to diversification and industry concentration, and other matters. Compliance with the Investment Company Act would, accordingly, limit the Company's ability to make certain investments and require the Company to significantly restructure its business plan (or even to liquidate).

Certain ERISA Considerations

The U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code impose certain requirements on employee benefit plans to which ERISA applies, certain other plans (such as individual retirement accounts and Keogh plans) that, although not subject to ERISA, are subject to certain similar rules of the Code and entities that are considered to hold the assets of the plans and accounts described above under applicable law (such plans and entities collectively, "Benefit Plan Investors"). ERISA and the Code also impose certain requirements on those persons who are fiduciaries with respect to Benefit Plan Investors ("Fiduciaries").

In accordance with ERISA's general fiduciary standards, before investing in the Company, a Fiduciary should determine whether an investment is permitted under the instruments governing the Benefit Plan

Investor and is appropriate for the Benefit Plan Investor in view of its overall investment policy and the composition and diversification of its portfolio. Moreover, ERISA and the Code require that certain reporting and disclosure be made with respect to "plan assets," that "plan assets" be held in trust, and that the indicia of ownership of "plan assets" be maintained within the jurisdiction of district courts of the United States. Thus, a Fiduciary considering an investment in the Company should consult with its legal counsel concerning all the legal implications of investing in the Company, especially the issues discussed in the following paragraphs.

Unless statutory or administrative exemptions are available, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving "plan assets" and persons who have certain specified relationships to a Benefit Plan Investor ("parties in interest" within the meaning of ERISA and "disqualified persons" within the meaning of the Code) and impose additional prohibitions on parties in interest and disqualified persons who are Fiduciaries. Certain prospective Benefit Plan Investors may currently maintain relationships with affiliates of the Company, and, as a result, one or more of these entities may be deemed to be a "party in interest" or "disqualified person" with respect to (including a Fiduciary of) any prospective Benefit Plan Investor. The availability of a prohibited transaction exemption issued by the U.S. Department of Labor to a transaction involving the Company does not necessarily mean that all related requirements of ERISA or the Code are met with respect to the Company and its operations.

A direct or indirect investment in the Company by a Benefit Plan Investor might result in the assets of the Company being deemed to constitute "plan assets," which in turn would mean (among other things) that the Company's assets would be subject to the reporting and disclosure rules of Title I of ERISA and Section 4975 of the Code, might mean that the Fiduciary who decided to invest in the Company had improperly delegated asset management responsibility and would mean that the operation of the Company would be subject to the prohibited transaction rules and certain other requirements of Title I of ERISA and Section 4975 of the Code (including rules governing the investment of the assets of the Benefit Plan Investor and the ability of the Benefit Plan Investor to engage in transactions with parties in interest or disqualified persons).

Section 3(42) of ERISA provides that the underlying assets of an entity will not be considered "plan assets" subject to Title I of ERISA or Section 4975 of the Code if, immediately after the most recent acquisition or disposition of any equity interest in the entity, whether or not from the entity, less than 25% of the total value of each class of equity interests in the entity is held by Benefit Plan Investors (disregarding for this purpose any equity interests held by any person (other than a Benefit Plan Investor) who has discretionary authority or control with respect to the assets of the entity or any person who provides investment advice for a fee with respect to the entity's assets, or any affiliate of the foregoing). In addition, an entity in which Benefit Plan Investors exceed the 25% limit is considered to hold "plan assets" only to the extent of the percentage of the equity interests in the entity held by Benefit Plan Investors.

The Company does not expect investments in the Company by Benefit Plan Investors. If Benefit Plan Investors do invest in the Company, the Company expects that their investments, including in each class of equity interests, will be below the 25% limit described above and that the assets of the Company will not be deemed to constitute "plan assets" subject to Title I of ERISA or Section 4975 of the Code.

The Company reserves the right to exclude Benefit Plan Investors and other employee plan investors not subject to Title I of ERISA or Section 4975 of the Code from, or limit investments by such investors in, the Company (including by rejecting subscriptions for Shares, including any class of Shares, by any such investors) if the Company determines that participation causes or could cause the assets of the Company to be or continue to be treated as "plan assets" subject to Title I of ERISA, Section 4975 of the Code or

similar laws or regulations, or for any other reason in its sole discretion. The Charter prohibits any ownership or transfer of Shares that would result in 25% or more of the Shares, or any class of Shares, being beneficially owned by one or more Benefit Plan Investors.

Certain Benefit Plan Investors that are subject to ERISA may be required to report certain compensation paid to the Company's service providers on Schedule C to their Form 5500 Annual Return ("Form 5500"). For those Benefit Plan Investors, the information provided in this Memorandum regarding the Advisory Fee, the Sub-Advisory Fee and Incentive Fee is intended to satisfy the alternative reporting option requirements for "eligible indirect compensation," as defined in the Instructions for Schedule C to Form 5500.

Employee plan investors that are not subject to Title I of ERISA or Section 4975 of the Code (such as governmental plans as defined in Section 3(32) of ERISA) may be subject to materially similar provisions of other applicable U.S. federal or state law or may be subject to other legal restrictions on their ability to invest in the Company. Accordingly, any governmental plans and the fiduciaries of governmental plans should consult with their legal counsel concerning all the legal implications of investing in the Company.

The Company's sale of Shares to Benefit Plan Investors and other employee plan investors that are not subject to Title I of ERISA or Section 4975 of the Code is in no respect a representation or warranty by the Company, or any of its affiliates, or by any other person associated with the sale of Shares, that the investment by such investors meets all relevant legal requirements applicable to such investors generally or to any particular investor, or that the investment is otherwise appropriate for such investors generally or for any particular investor.

CERTAIN TAX CONSIDERATIONS

U.S. Federal Income Taxation of the Company and the Shareholders

The following summary describes certain significant U.S. federal income tax consequences of owning Shares to investors that are U.S. Shareholders. The term "U.S. Shareholder" means a beneficial owner of Shares that for U.S. federal income tax purposes is:

- a citizen or resident of the United States;
- a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any of its states or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust if: (i) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust; or (ii) it has a valid election in place to be treated as a U.S. person.

This summary does not discuss all of the tax consequences that may be relevant to a particular investor, including an investor that holds Shares as part of a hedging, straddle, conversion, constructive sale or other integrated transaction, or to certain investors, subject to special treatment under the U.S. federal income tax laws. In addition, this summary does not address the special tax consequences that may be applicable to persons who are U.S. tax-exempt investors (including charitable remainder trusts and individual retirement accounts), non-U.S. investors, U.S. expatriates or persons who hold interests in partnerships, grantor trusts and other pass-through entities that hold Shares. If a partnership, entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Shares, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. If you are a partner in a partnership holding Shares, you should consult your tax adviser regarding the consequences of the purchase, ownership and disposition of Shares by the partnership.

THIS SUMMARY IS NECESSARILY GENERAL, AND EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT WITH ITS OWN TAX ADVISERS WITH RESPECT TO THE U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. TAX CONSEQUENCES OF AND THE FILING REQUIREMENTS, IF ANY, ASSOCIATED WITH THE PURCHASE, OWNERSHIP AND DISPOSITION OF SHARES AND THE LAWS APPLICABLE TO OPPORTUNITY ZONE FUNDS.

This summary is based on the Code, the U.S. Treasury Regulations promulgated thereunder, rulings of the IRS and court decisions all as in effect or in existence on the date of this Memorandum, all of which are subject to change, possibly with retroactive effect. In this regard, on December 22, 2017, the TCJA was enacted. The TCJA included a number of significant changes including the QOF provisions of Subchapter Z discussed below. See "Certain Tax Considerations—Qualified Opportunity Fund Tax Benefits" below. It should be noted that there are numerous aspects of the TCJA that are subject to interpretation and that will require legislative and/or administrative clarification, but only limited administrative guidance has been issued to date. Technical corrections legislation may be needed to clarify certain of these provisions and to give proper effect to Congressional intent. It is unclear if and when any technical corrections or other legislative changes will be enacted, and future regulatory guidance and legislation, or the absence thereof, may significantly affect the impact of the TCJA. Accordingly, each prospective investor is urged to consult its own tax advisers regarding the impact of the

TCJA on an investment in the Company including, in particular, with respect to the specific tax laws applicable to investment vehicles seeking to qualify as QOFs.

The Company has not sought, and does not intend to seek, a ruling from the IRS or any other U.S. federal, state or local agency or obtained any opinion of counsel with respect to any of the tax consequences to investors or the tax issues affecting the Company.

Except as otherwise set forth below, the following summary assumes that the Company is treated as a REIT and a QOF, in each case, for U.S. federal income tax purposes, notwithstanding the Company's authority to cause itself to be treated otherwise. Each prospective investor is advised to consult with its own tax adviser with respect to the U.S. federal, state and local and non-U.S. tax consequences and the filing requirements, if any, associated with the purchase, ownership and disposition of Shares in the event the Company is treated as a non-REIT corporation and/or an entity that fails to qualify as a QOF.

Taxation of the Company

The Company intends to elect to be taxed as a REIT under the U.S. federal income tax laws commencing with its taxable year that began on January 1, 2019. The Company will not elect to be taxed as a REIT for its taxable year that ended on December 31, 2018, and the Company expects that no adverse tax consequences will result from its not being taxed as a REIT for such year.

The Company believes that it will be organized and intends to operate in a manner that will allow it to qualify as a REIT commencing with the taxable year ending December 31, 2019. This section discusses the laws governing the U.S. federal income tax treatment of a REIT and its shareholders. These laws are highly technical and complex.

The Company's qualification and taxation as a REIT will depend on its ability to meet, on a continuing basis, through actual operating results, certain qualification tests in the U.S. federal income tax laws. Those qualification tests involve the percentage of its income that it earns from specified sources, the percentages of its assets that fall within specified categories, the diversity of stock ownership and the percentage of earnings that it distributes. The Company intends to operate so that it will qualify as a REIT. No assurance can be given by the Company that the Company will qualify as a REIT for any particular year. A discussion of the tax consequences of the failure to qualify as a REIT and certain alternatives is included below in the section entitled "Certain Tax Considerations—Failure to Qualify."

If the Company qualifies as a REIT, it generally will not be subject to U.S. federal income tax on the taxable income that it distributes to Shareholders. The benefit of that tax treatment is that it avoids the "double taxation," or taxation at both the corporate and shareholder levels, that generally results from owning stock in a corporation. However, the Company will be subject to U.S. federal tax in the following circumstances:

- the Company would pay income tax at the regular corporate rate (currently 21%) on any taxable income, including net capital gain, that it does not distribute to Shareholders during, or within a specified time period after, the calendar year in which the income is earned;

- the Company would pay income tax at the regular corporate rate (currently 21%) on:

    - net income from the sale or other disposition of property acquired through foreclosure, or foreclosure property, that it holds primarily for sale to customers in the ordinary course of business; and

- other non-qualifying income from foreclosure property;

- the Company would pay a 100% tax on net income earned from sales or other dispositions of property, other than foreclosure property, made directly or indirectly, by an entity other than a taxable REIT subsidiary (“TRS”) if the property is held primarily for sale to customers in the ordinary course of business;

- if the Company fails to satisfy one or both of the 75% gross income test or the 95% gross income test, as described below in the section entitled “Certain Tax Considerations—Requirements for Qualification—Gross Income Tests,” and nonetheless continues to qualify as a REIT because it meets other requirements, it would pay a 100% tax on:

  - the greater of the amount by which it fails the 75% gross income test or the 95% gross income test, multiplied, in either case, by

  - a fraction intended to reflect its profitability;

- if the Company fails any of the asset tests (other than a de minimis failure of the 5% asset test or the 10% vote or value test, as described below in the section entitled “Certain Tax Considerations—Requirements for Qualification—Asset Tests”), as long as the failure was due to reasonable cause and not to willful neglect, the Company files a description of each asset that caused the failure with the IRS, and the Company disposes of the assets or otherwise complies with the asset tests within six months after the last day of the quarter in which it identifies the failure, it would pay a tax equal to the greater of $50,000 or the highest U.S. federal income tax rate then applicable to U.S. corporations (currently 21%) on the net income from the non-qualifying assets during the period in which it failed to satisfy the asset tests in order to remain qualified as a REIT;

- if the Company fails to satisfy one or more requirements for REIT qualification, other than the gross income tests and the asset tests, and the failure is due to reasonable cause and not to willful neglect, it would be required to pay a penalty of $50,000 for each failure in order to remain qualified as a REIT;

- if the Company fails to distribute during a calendar year at least the sum of: (i) 85% of its REIT ordinary income for the year; (ii) 95% of its REIT capital gain net income for the year; and (iii) any undistributed taxable income required to be distributed from earlier periods, the Company would pay a 4% non-deductible excise tax on the excess of the required distribution over the amount it actually distributed, plus any retained amounts on which income tax has been paid at the corporate level;

- the Company may elect to retain and pay income tax on its net long-term capital gain. In that case, to the extent that the Company made a timely designation of gain, a Shareholder would be taxed on its proportionate share of the Company’s undistributed long-term capital gain and would receive a credit or refund for its proportionate share of the tax the Company paid;

- the Company will be subject to a 100% excise tax on transactions with a TRS that are not conducted on an arm’s-length basis;

- if the Company acquires any asset from a C corporation, or a corporation that generally is subject to full corporate-level tax, in a merger or other transaction in which the Company acquires a basis in the asset that is determined by reference either to the C corporation’s basis in the asset or to

another asset, the Company would pay tax at the regular corporate rate if it recognizes gain on the sale or disposition of the asset during the 5-year period after it acquires the asset, provided no election is made for the transaction to be taxable on a current basis. The amount of gain on which the Company would pay tax in the foregoing circumstances is the lesser of:

  - o the amount of gain that the Company recognizes at the time of the sale or disposition; and
  - o the amount of gain that the Company would have recognized if it had sold the asset at the time the Company acquired it, assuming that the C corporation will not elect in lieu of this treatment an immediate tax when the asset is acquired;

- the Company may be required to pay monetary penalties to the IRS in certain circumstances, including if it fails to meet recordkeeping requirements intended to monitor its compliance with rules relating to the composition of a REIT's shareholders, as described below in the section entitled "Certain Tax Considerations—Requirements for Qualification—Recordkeeping Requirements"; and
- the earnings of the Company's TRSs, if any, would be subject to U.S. federal, state and local corporate income tax. Due to the nature of the assets in which the Company intends to invest, the Company expects that its TRSs (if any) will not have a material amount of assets and net taxable income.

In addition, the Company and its subsidiaries may be subject to a variety of taxes, including payroll taxes and state and local income, property and other taxes on its assets and operations. The Company could also be subject to tax in situations and on transactions not presently contemplated.

Requirements for Qualification

A REIT is a corporation, trust or association that meets each of the following requirements:

1. it is managed by one or more trustees or directors;
2. its beneficial ownership is evidenced by transferable shares or by transferable certificates of beneficial interest;
3. it would be taxable as a domestic corporation but for the REIT provisions of the U.S. federal income tax laws;
4. it is neither a financial institution nor an insurance company subject to special provisions of the U.S. federal income tax laws;
5. at least 100 persons are beneficial owners of its shares or ownership certificates;
6. not more than 50% in value of its outstanding shares or ownership certificates is owned, directly or indirectly, by five or fewer individuals, which the Code defines to include certain entities, at any time during the last half of any taxable year;
7. it elects to be a REIT, or has made an election for a previous taxable year, and satisfies all relevant filing and other administrative requirements established by the IRS that must be met to elect and maintain REIT status;

8. it meets certain other qualification tests, described below, regarding the nature of its income and assets and the amount of its distributions to Shareholders; and
9. it uses a calendar year for U.S. federal income tax purposes.

The Company must meet requirements 1 through 4, 8 and 9 during its entire taxable year and must meet requirement 5 during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Requirements 5 and 6 will begin applying to the Company with its 2020 taxable year. If the Company complies with all the requirements for ascertaining the ownership of its outstanding shares in a taxable year and has no reason to know that it violated requirement 6, it will be deemed to have satisfied requirement 6 for that taxable year. For purposes of determining share ownership under requirement 6, an "individual" generally includes a supplemental unemployment compensation benefits plan, a private foundation or a portion of a trust permanently set aside or used exclusively for charitable purposes. An "individual," however, generally does not include a trust that is a qualified employee pension or profit-sharing trust under the U.S. federal income tax laws, and beneficiaries of a trust will be treated as holding Shares in proportion to their actuarial interests in the trust for purposes of requirement 6. The Company expects to issue sufficient stock with sufficient diversity of ownership to satisfy requirements 5 and 6. In addition, the Charter will restrict the ownership and transfer of Shares so that it should continue to satisfy these requirements.

Qualified REIT Subsidiaries

A qualified REIT subsidiary ("QRS") is a corporation, other than a TRS, all the stock of which is owned by the REIT. A corporation that is a QRS is not treated as a corporation separate from its parent REIT. All assets, liabilities and items of income, deduction and credit of a QRS are treated as assets, liabilities and items of income, deduction and credit of the REIT. Thus, in applying the requirements described herein, any QRS that the Company owns will be ignored, and all assets, liabilities and items of income, deduction and credit of the QRS will be treated as the Company's assets, liabilities and items of income, deduction and credit.

Other Disregarded Entities and Partnerships. An unincorporated domestic entity, such as a partnership or limited liability company, that has a single owner for U.S. federal income tax purposes generally is not treated as an entity separate from its owner for U.S. federal income tax purposes. An unincorporated domestic entity with two or more owners is generally treated as a partnership for U.S. federal income tax purposes. In the case of a REIT that is a partner in a partnership that has other partners, the REIT is treated as owning its proportionate share of the assets of the partnership and as earning its allocable share of the gross income of the partnership for purposes of the applicable REIT qualification tests. Thus, the Company's proportionate share of the assets, liabilities and items of income of Underlying Vehicles and any other partnership, joint venture or limited liability company that is treated as a partnership for U.S. federal income tax purposes in which it has acquired or will acquire an interest, directly or indirectly, will be treated as its assets and gross income for purposes of applying the various REIT qualification requirements. For purposes of the asset and income tests, the Company's proportionate share generally is based on its proportionate interest in the capital of the partnership.

Taxable REIT Subsidiaries

A REIT may own up to 100% of the stock of one or more TRSs. A TRS is a fully taxable corporation that may earn income that would not be qualifying income if earned directly by the parent REIT. The subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS.

A REIT is not treated as holding the assets of a TRS or as receiving any income that the TRS earns. Rather, the stock issued by the TRS is an asset in the hands of the parent REIT and the REIT recognizes

as income the dividends, if any, that it receives from the TRS. This treatment can affect the income and asset test calculations that apply to the REIT. Because a parent REIT does not include the assets and income of the TRSs in determining the parent REIT's compliance with the REIT requirements, TRSs may be used by the parent REIT to undertake indirectly activities that the REIT rules might otherwise preclude it from doing directly or through pass-through subsidiaries (for example, activities that give rise to certain categories of income such as management fees).

TRSs are subject to U.S. federal income tax, and state and local income tax, where applicable, on their taxable income. To the extent that a TRS is required to pay taxes, it will have less cash available for distribution to the Company. If dividends are paid to the Company by a domestic TRS, then the dividends the Company pays to Shareholders who are taxed at individual rates, up to the amount of dividends it receives from the domestic TRS, will generally be eligible to be taxed at the reduced 20% rate applicable to qualified dividend income.

Further, the rules impose a 100% excise tax on transactions between a TRS and its parent REIT or the REIT's tenants that are not conducted on an arm's-length basis.

The Company does not expect to hold a significant amount of assets in TRSs. In any event, the Company will be subject to the limitation that securities in TRSs may not represent more than 20% of the value of the Company's total assets.

Gross Income Tests

The Company must satisfy two gross income tests annually to qualify as a REIT. First, at least 75% of the Company's gross income for each taxable year must consist of defined types of income that it derives, directly or indirectly, from investments relating to real property or mortgages on real property or qualified temporary investment income. Qualifying income for purposes of the 75% gross income test generally includes:

- rents from real property;
- interest on debt secured by mortgages on real property or on interests in real property;
- dividends or other distributions on, and gain from the sale of, shares in other REITs;
- gain from the sale of real estate assets;
- income and gain derived from foreclosure property;
- income derived from a REMIC in proportion to the real estate assets held by the REMIC, unless at least 95% of the REMIC's assets are real estate assets, in which case all of the income derived from the REMIC; and
- income derived from the temporary investment of new capital that is attributable to the issuance of Shares or a public offering of its debt with a maturity date of at least five years and that it receives during the one-year period beginning on the date on which it received the new capital.

Second, in general, at least 95% of the Company's gross income for each taxable year must consist of income that is qualifying income for purposes of the 75% gross income test, other types of interest and dividends, gain from the sale or disposition of stock or securities or any combination of these. Gross income from the sale of property that the Company holds primarily for sale to customers in the ordinary

course of business and cancellation of indebtedness income ("COD income") is excluded from both the numerator and the denominator in both income tests. The following paragraphs discuss the specific application of the gross income tests to the Company.

Rents from Real Property

Rent that the Company receives from its real property will qualify as "rents from real property" which is qualifying income for purposes of the 75% and 95% gross income tests, only if the following conditions are met:

- First, the rent must not be based, in whole or in part, on the income or profits of any person. However, an amount received or accrued generally will not be excluded from rents from real property solely by reason of being based on fixed percentages of receipts or sales.

- Second, rents the Company receives from a "related party tenant" generally will not qualify as rents from real property in satisfying the gross income tests. A tenant is a related party tenant if the REIT, or an actual or constructive owner of 10% or more of the REIT, actually or constructively owns 10% or more of the tenant.

- Third, if rent attributable to personal property leased in connection with a lease of real property is 15% or less of the total rent received under the lease, then the rent attributable to personal property will qualify as rents from real property. However, if the 15% threshold is exceeded, the rent attributable to personal property will not qualify as rents from real property.

- Fourth, the Company generally must not operate or manage its real property or furnish or render services to its tenants, other than through an "independent contractor" who is adequately compensated and from whom the Company does not derive revenue. However, the Company may provide services directly to tenants if the services are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not considered to be provided for the tenants' convenience. In addition, the Company may provide a minimal amount of "noncustomary" services to the tenants of a property, other than through an independent contractor, as long as its income from the services (valued at not less than 150% of the Company's direct cost of performing the services) does not exceed 1% of its income from the related property. Furthermore, the Company may own up to 100% of the stock of a TRS which may provide customary and noncustomary services to its tenants without tainting its rental income for the related properties.

Unless the Company determines that the resulting non-qualifying income under any of the following circumstances, taken together with all other non-qualifying income earned by it in the taxable year, will not jeopardize its qualification as a REIT, the Company does not intend to:

- derive rental income attributable to personal property other than personal property leased in connection with the lease of real property, the amount of which is less than 15% of the total rent received under the lease;

- rent any property to a related party tenant;

- charge rent for any property that is based in whole or in part on the income or profits of any person, except by reason of being based on a fixed percentage or percentages of receipts or sales, as described above; or

- directly perform services considered to be noncustomary or provided for the tenant's convenience.

As indicated above, "rents from real property" must not be based in whole or in part on the income or profits of any person. The Company and the Underlying Vehicles intend to structure their leases to provide for periodic payments of a specified base rent plus certain other amounts. Payments made pursuant to these leases should qualify as "rents from real property." The foregoing assumes that the leases will not be renegotiated during their term in a manner that has the effect of basing either the percentage rent or base rent on income or profits.

The Company expects that, with respect to its leases, the amount of rent attributable to personal property will not exceed 15% of the total rent due under the lease (determined under the law in effect for the applicable period).

COD Income

From time to time, the Company and its subsidiaries may recognize COD income, in connection with repurchasing debt at a discount or otherwise. COD income is excluded from gross income for purposes of both the 75% and 95% gross income tests.

Prohibited Transactions

A REIT will incur a 100% tax on the net income derived from any sale or other disposition of property, other than foreclosure property, that the REIT holds primarily for sale to customers in the ordinary course of a trade or business. The Company expects that none of its assets will be held primarily for sale to customers and that a sale of any of its assets will not be in the ordinary course of its business. Whether a REIT holds an asset "primarily for sale to customers in the ordinary course of a trade or business" depends, however, on the facts and circumstances in effect from time to time, including those related to a particular asset.

No assurance can be given that any property that the Company sells will not be treated as property held "primarily for sale to customers in the ordinary course of a trade or business." The Company intends to structure its activities to avoid transactions that would result in a material amount of prohibited transaction tax.

Cash/Income Differences/Phantom Income

The Company may be required to recognize taxable income in advance of its receipt of cash flow or cash proceeds from asset dispositions. The Company may be required under the terms of indebtedness that it incurs to private lenders or otherwise to use cash to make principal payments on that indebtedness, with the effect of recognizing income but not having a corresponding amount of cash available for distribution to Shareholders.

The TCJA revised Code Section 163(j) to create a new limitation on the deductibility of "business interest" for both individuals and corporations. Real property trades or businesses are permitted to elect out of this limitation, but as a consequence are required to use longer depreciation periods for their assets. Such election, once made, is irrevocable. The Company and its subsidiaries generally expect to make the real property trade or business election. To the extent interest deductions of the Company or its subsidiaries are deferred or disallowed under Code Section 163(j) or any other provision of law, the taxable income of the Company may exceed its cash available for distribution to Shareholders.

As a result, there is a risk that the Company may have taxable income in excess of cash available for distribution. In that event, the Company may need to borrow funds or take other action to satisfy the REIT distribution requirements for the taxable year in which this "phantom income" is recognized. Refer below to the section entitled "Certain Tax Considerations—Distribution Requirements."

Failure to Satisfy the Gross Income Tests

If the Company fails to satisfy one or both of the gross income tests for any taxable year, it nevertheless may qualify as a REIT for that year if it qualifies for relief under certain provisions of the U.S. federal income tax laws. Those relief provisions are available if:

- the Company's failure to meet those tests is due to reasonable cause and not to willful neglect; and

- following the failure for any taxable year, the Company files a schedule of the sources of its income with the IRS.

The Company cannot predict, however, whether in all circumstances it would qualify for the relief provisions. In addition, as discussed above in the section entitled "Certain Tax Considerations—Taxation of the Company," even if the relief provisions apply, the Company would incur a 100% tax on the gross income attributable to the greater of the amount by which it fails the 75% or 95% gross income test, in each case, multiplied by a fraction intended to reflect its profitability.

Asset Tests

To qualify as a REIT, the Company also must satisfy the following asset tests at the end of each quarter of each taxable year.

First, at least 75% of the value of its total assets must consist of:

- cash or cash items, including certain receivables and money market funds;

- government securities;

- interests in real property, including leaseholds, options to acquire real property and leaseholds, and personal property to the extent personal property is leased in connection with real property and rents attributable to such personal property are treated as "rents from real property";

- interests in mortgage loans secured by real property;

- stock in other REITs and debt instruments issued by "publicly offered REITs";

- investments in stock or debt instruments during the one-year period following the Company's receipt of new capital that it raises through equity offerings or public offerings of debt with at least a five-year term; and

- regular or residual interests in a REMIC. However, if less than 95% of the assets of a REMIC consist of assets that are qualifying real estate-related assets under the U.S. federal income tax laws, the Company will be treated as holding directly its proportionate share of the assets of the REMIC.

Second, of the Company's investments not included in the 75% asset class, the value of its interest in any one issuer's securities may not exceed 5% of the value of its total assets, which we refer to as the 5% asset test.

Third, of the Company investments not included in the 75% asset class, it may not own more than 10% of the voting power or value of any one issuer's outstanding securities, which we refer to as the 10% vote or value test.

Fourth, no more than 20% of the value of the Company's total assets may consist of the securities of one or more TRSs.

Fifth, no more than 25% of the value of the Company's total assets may consist of the securities of TRSs and other non-TRS taxable subsidiaries and other assets that are not qualifying assets for purposes of the 75% asset test, which we refer to as the 25% securities test.

Sixth, no more than 25% of the value of the Company's total assets may consist of debt instruments issued by "publicly offered REITs" to the extent debt instruments are not secured by real property or interests in real property.

For purposes of the 5% asset test, the 10% vote or value test and the 25% securities test, the term "securities" does not include stock in another REIT, debt of a "publicly offered REIT," equity or debt securities of a QRS or, in the case of the 5% asset test and 10% vote or value test, TRS debt or equity, mortgage loans or mortgage-backed securities that constitute real estate assets, or equity interests in a partnership.

The Company expects that it will comply with the foregoing asset tests, and it intends to monitor compliance on an ongoing basis. If the Company fails to satisfy the asset tests at the end of a calendar quarter, it will not lose its REIT qualification if:

- the Company satisfied the asset tests at the end of the preceding calendar quarter; and
- the discrepancy between the value of the Company's assets and the asset test requirements arose from changes in the market values of its assets and was not wholly or partly caused by the acquisition of one or more non-qualifying assets.

If the Company did not satisfy the condition described in the second item, above, it still could avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose.

If at the end of any calendar quarter the Company violates the 5% asset test or the 10% vote or value test described above, it will not lose its REIT qualification if: (i) the failure is *de minimis* (up to the lesser of 1% of its assets or $10 million); and (ii) it disposes of assets causing the failure or otherwise complies with the asset tests within six months after the last day of the quarter in which it identifies the failure. In the event of a failure of any of the asset tests (other than *de minimis* failures described in the preceding sentence), as long as the failure was due to reasonable cause and not to willful neglect, the Company will not lose its REIT status if it: (i) disposes of assets or otherwise complies with the asset tests within six months after the last day of the quarter in which it identifies the failure; (ii) files a description of each asset causing the failure with the IRS; and (iii) pays a tax equal to the greater of $50,000 or 21% of the net income from the non-qualifying assets during the period in which the Company failed to satisfy the asset tests.

Distribution Requirements

Each taxable year, the Company must distribute dividends, other than capital gain dividends and deemed distributions of retained capital gain, to Shareholders in an aggregate amount at least equal to the sum of:

- 90% of its "REIT taxable income," computed without regard to the dividends paid deduction and its net capital gain or loss; and

- 90% of its after-tax net income, if any, from foreclosure property; minus

- the sum of certain items of non-cash income.

Generally, the Company must pay the distributions in the taxable year to which they relate, or in the following taxable year if: (i) the Company declares the distribution before it timely files its U.S. federal income tax return for the year and pays the distribution on or before the first regular dividend payment date after the declaration; or (ii) the Company declares the distribution in October, November or December of the taxable year, payable to Shareholders of record on a specified day in any month, and it actually pays the dividend before the end of January of the following year. The distributions under clause (i) are taxable to the Shareholders in the year in which paid, and the distributions in clause (ii) are treated as paid on December 31 of the prior taxable year. In both instances, these distributions relate to the Company's prior taxable year for purposes of the 90% distribution requirement.

In order for the Company's distributions to be counted as satisfying the annual distribution requirement for REITs and to provide it with the REIT-level tax deduction, the distributions must not have been "preferential dividends." A dividend is not a preferential dividend if that distribution is: (i) *pro rata* among all outstanding shares within a particular class; and (ii) in accordance with the preferences among different classes of stock as set forth in the Charter. In certain situations, the IRS has taken the view that when a REIT charges different fee rates to different investors, this results in preferential dividends. While the matter is not free from doubt, the Company does not believe that the differential charges borne by different classes of Company stock should cause the Company to be treated as paying preferential dividends. If the Company is treated as paying preferential dividends, the Company would not be entitled to a dividends paid deduction for any such preferential dividends, and as a result could incur corporate tax and/or fail to qualify as a REIT.

The Company will pay U.S. federal income tax on taxable income, including net capital gain, that it does not distribute to Shareholders. Furthermore, if the Company fails to distribute during a calendar year, or by the end of January following the calendar year in the case of distributions with declaration and record dates falling in the last three months of the calendar year, at least the sum of:

- 85% of its REIT ordinary income for the year;

- 95% of its REIT capital gain income for the year; and

- any undistributed taxable income from prior periods,

the Company will incur a 4% non-deductible excise tax on the excess of the required distribution over the amounts it actually distributes.

The Company may elect to retain and pay income tax on the net long-term capital gain it receives in a taxable year. If the Company so elects, it will be treated as having distributed the retained amount for purposes of the 4% non-deductible excise tax described above. The Company intends to make timely

distributions sufficient to satisfy the annual distribution requirements and to avoid corporate income tax and the 4% non-deductible excise tax.

It is possible that, from time to time, the Company may experience timing differences between the actual receipt of income and actual payment of deductible expenses and the inclusion of that income and deduction of the expenses in arriving at its REIT taxable income. In the event that timing differences occur, it might be necessary to arrange borrowings or other means of raising capital to meet the distribution requirements.

Under certain circumstances, the Company may be able to correct a failure to meet the distribution requirement for a year by paying "deficiency dividends" to Shareholders in a later year. The Company may include deficiency dividends in its deduction for dividends paid for the earlier year. Although the Company may be able to avoid income tax on amounts distributed as deficiency dividends, it will be required to pay interest to the IRS based upon the amount of any deduction it takes for deficiency dividends.

Recordkeeping Requirements

The Company is required to maintain certain records under the REIT rules. In addition, to avoid a monetary penalty, the Company must request on an annual basis information from Shareholders designed to disclose the actual ownership of its outstanding shares of beneficial interest. The Company intends to comply with these requirements.

Failure to Qualify

If the Company fails to satisfy one or more requirements for REIT qualification, other than the gross income tests and the asset tests, it could avoid disqualification if its failure is due to reasonable cause and not to willful neglect and the Company pays a penalty of $50,000 for each failure. In addition, there are relief provisions for a failure of the gross income tests and asset tests, as described in the sections entitled "Certain Tax Considerations—Gross Income Tests" and "—Asset Tests."

If the Company fails to qualify as a REIT in any taxable year, and no relief provision applies, it would be subject to U.S. federal income tax on its taxable income at the regular corporate rate. In calculating its taxable income in a year in which it fails to qualify as a REIT, the Company would not be able to deduct amounts paid out to Shareholders. The Company would not be required to distribute any amounts to Shareholders in that year. To the extent of the Company's current and accumulated earnings and profits, distributions to most Shareholders taxed at individual rates would generally be taxable as qualified dividend income at capital gains tax rates. Subject to certain limitations of the U.S. federal income tax laws, corporate Shareholders might be eligible for the dividends received deduction. Unless the Company qualified for relief under specific statutory provisions, it also would be disqualified from taxation as a REIT for the four taxable years following the year during which it ceased to qualify as a REIT. The Company cannot predict whether in all circumstances it would qualify for statutory relief.

Taxation of Shareholders

This discussion of potential tax consequences for Shareholders applies only to U.S. Shareholders and does not apply to persons who are U.S. tax-exempt investors (including charitable remainder trusts and individual retirement accounts), non-U.S. investors, U.S. expatriates or persons who hold interests in partnerships, grantor trusts and other pass-through entities that hold Shares.

Qualified Opportunity Fund Tax Benefits

Qualification for Deferral

The Company presently intends to conduct its operations such that it is treated as a QOF within the meaning of Subchapter Z, although no assurances can be provided in this regard. While the Proposed Regulations were released on October 19, 2018, such regulations do not address many important issues and numerous issues remain with respect to the topics addressed by such regulations. The Company and investors generally may rely upon the Proposed Regulations (but only if they apply the Proposed Regulations in their entirety and in a consistent manner) (i) with respect to taxable years that begin before the final regulations' date of applicability (in the case of the Company's determination whether it is a QOF) and (ii) in connection with investments in the Company that occur before the final regulations' date of applicability (in the case of investors seeking tax benefits in connection with such investments).

A taxpayer that (i) realizes eligible capital gains from property it holds directly in a sale to, or an exchange with, an unrelated party (prior to January 1, 2027), (ii) invests all or a portion of the capital gain in a QOF within 180 days of the sale or exchange, and (iii) holds its interest in the QOF for designated periods (a "Qualified Shareholder") may be eligible for certain tax benefits. Only gains that would be recognized for federal income tax purposes if not deferred through a valid election under Subchapter Z will be eligible capital gains. Under the Proposed Regulations, eligible capital gain does not include any capital gain from a position that is or has been part of an "offsetting-positions transaction." For this purpose, an "offsetting-positions transaction" means (i) any straddle and (ii) any other transaction in which a taxpayer has substantially diminished its risk of loss from holding one position with respect to personal property by holding one or more other positions with respect to personal property (whether or not of the same kind), regardless of whether either of the positions is with respect to actively traded personal property. The Proposed Regulations also provide, with respect to gains from section 1256 contracts, that only a taxpayer's capital gain net income from section 1256 contracts for a taxable year can be treated as eligible gain (subject to the rule regarding section 1256 contract gain of a taxpayer that has held certain offsetting-positions transactions, described below). In addition, because the capital gain net income from section 1256 contracts for a taxable year is determinable only as of the last day of the taxable year, the Proposed Regulations provide that the 180-day period for investing capital gain net income from section 1256 contracts in a QOF begins on the last day of the taxable year. Notwithstanding the foregoing, the Proposed Regulations do not allow a taxpayer to defer any gain from section 1256 contracts in a taxable year if, at any time during the taxable year, one of the taxpayer's section 1256 contracts was part of an offsetting-positions transaction in which any of the other positions was not also a section 1256 contract.

The potential tax benefits of investing in the Company include temporary deferral of the recognition of the eligible capital gains treated as contributed to the Company, permanent exclusion from income of a portion of the deferred capital gains (if certain holding period requirements are satisfied), and the exclusion from income of post-investment appreciation in the value of Shares (if additional holding period requirements are satisfied). See "Certain Tax Considerations—Summary of Potential Tax Benefits of Investing in a QOF" below. The potential tax consequences described herein apply only to a Qualified Shareholder with respect to Shares ("Qualified Shares") acquired from the Company in the manner described in the definition of "Qualified Shareholder" above while the Company qualifies as a QOF. The application of the QOF rules to a Qualified Shareholder who acquires some Shares in a qualifying manner and acquires other Shares in a nonqualifying manner, or who makes multiple contributions of capital to the Company at different times, is addressed to some extent by the Proposed Regulations but remains uncertain. Each prospective investor (whether or not a Qualified Shareholder) should consult its tax adviser regarding the potential tax consequences of investing in the Company and any additional forms it may be required to file with the IRS.

The Proposed Regulations provide that if a partnership has realized eligible capital gain from property it held directly in a sale to, or an exchange with, an unrelated party, the partnership can defer such gain by making a timely investment of the gain in Qualified Shares or, to the extent that the partnership does not do so, the partners in the partnership may elect to be treated as Qualified Shareholders with respect to their shares of the partnership's eligible capital gain that they have timely invested in the Company. The 180-day window within which an investor may invest into Qualified Shares eligible capital gain that was recognized from the sale to, or exchange with, an unrelated person of property by a partnership in which the investor is a partner generally begins on the last day of the partnership's taxable year in which such sale or exchange occurred, but the investor may elect for its 180-day window for such gain to begin on the day such sale or exchange occurred. If, instead of a partnership, an S corporation, trust, or decedent's estate realizes an eligible capital gain that would otherwise be recognized, rules analogous to the rules for partnerships apply to that entity/estate and to its shareholders or beneficiaries, as the case may be.

A Shareholder may not satisfy the 180-day requirement by paying cash into escrow pending a later issuance of Shares by the Company that closes after the Shareholder's applicable 180-day window.

Opportunity Zones and Qualifying as a QOF

Under Subchapter Z, as enacted by the TCJA, individual U.S. states and possessions ("States") have nominated certain census tracts to be designated as qualified opportunity zones. The nominated census tracts have been certified by the Secretary of the Treasury. Current law provides that the designation of a population census tract as an Opportunity Zone will expire on December 31, 2028. The Proposed Regulations permit a Qualified Shareholder who has held Qualified Shares for at least 10 years to elect to increase the tax basis of those Qualified Shares to equal to their fair market value on the date such Shares are sold or exchanged (including a redemption or liquidation of the Shares), with the result that no gain is recognized from the sale or exchange, if the sale or exchange occurs on or before December 31, 2047, which date is after the Opportunity Zone designations expire.

A QOF, as defined in Section 1400Z-2(d) of the Code, is any investment vehicle that is (i) organized as either a corporation or a partnership for the purpose of investing in QOZP and (ii) holds at least 90% of its assets in QOZP (the "90-Percent Test"). An entity that meets the foregoing criteria is required to complete a self-certification form and attach the form to the entity's U.S. federal income tax return for any taxable year the entity intends to qualify as a QOF. The IRS has released a draft of the self-certification form, IRS Form 8996 (Qualified Opportunity Fund), as well as draft instructions to that form.

QOZP includes "qualified opportunity zone stock," "qualified opportunity zone partnership interests" and "qualified opportunity zone business property." Tangible property used in a trade or business of a QOF is "qualified opportunity zone business property" ("QOZBP") if (i) the property was acquired by the QOF by purchase from an unrelated party after December 31, 2017, (ii) either (A) the "original use" of the property in the Opportunity Zone commences with the QOF or (B) the QOF "substantially improves the property" and (iii) during substantially all of the QOF's holding period for the property, substantially all of the use of the property was in an Opportunity Zone. Stock in a domestic corporation or a partnership interest in a domestic partnership is "qualified opportunity zone stock" or a "qualified opportunity zone partnership interest," respectively, if it was acquired from the issuer by the QOF solely in exchange for cash and the issuer is a "qualified opportunity zone business" ("QOZB") during substantially all of the QOF's holding period for the stock or partnership interest. A corporation or partnership is a QOZB if (i) substantially all of the tangible property owned or leased by the business would be QOZBP if the business were being tested as a QOF, (ii) 50% or more of the total gross income of the business is derived from the active conduct of the trade or business, (iii) a substantial portion of its intangible property is used in the active conduct of the business, (iv) less than 5% of the average of the aggregate unadjusted bases of the

property of the business is attributable to "nonqualified financial property" and (v) the entity does not engage in, or lease land to, a private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises. It is uncertain what "active conduct of a trade or business" means in the foregoing context.

There is no definition of what the term "original use" means for this purpose or how this rule would apply to the acquisition of vacant but previously developed real property.

The Proposed Regulations establish, in the context of defining a "qualified opportunity zone business", a 31-month working capital safe harbor for businesses that acquire, construct, or rehabilitate tangible business property in a QOZ. The safe harbor allows a QOF, in determining whether a business in which the QOF has invested is a QOZB, to treat the business's cash, cash equivalents, and debt instruments with a term of 18 months or less as working capital that does not disqualify the business from being a QOZB provided that certain requirements have been satisfied, including: (i) the business has a written plan that identifies the working capital as property held for the acquisition, construction, or substantial improvement of tangible property in the opportunity zone, (ii) the business has a written schedule showing that the working capital will be used within 31 months, and (iii) the business substantially complies with the schedule. As projects may require developers to modify plans and deviate from schedules, it is unclear whether the Company will be able to satisfy each element of the safe harbor and, in particular, the third element of the safe harbor.

In connection with the 31-month working capital safe harbor for certain financial property, the Proposed Regulations provide a safe harbor for tangible property of a QOZ business. If (i) a business utilizes the working capital safe harbor described directly above, (ii) the tangible property for which the working capital is dedicated is expected to satisfy the necessary requirements to be QOZBP as a result of the planned expenditure of the working capital assets within the 31 months immediately after the working capital was acquired, and (iii) the working capital assets are actually used in a manner that is substantially consistent with the business's 31-month schedule, then that tangible property is treated as QOZBP for purposes of determining whether the business qualifies as a QOZB and the Company's interest in the business is QOZP.

Furthermore, the Proposed Regulations provide that the requirements that (x) at least 50 percent of gross income must be derived from the active conduct of a trade or business in the QOZ, and (y) a substantial portion of the intangible property must be used in the active conduct of such trade or business, will be deemed satisfied during the 31-month start-up period even if the only income of the business during that period is from working capital.

Regarding the requirement that substantially all of a QOZB's tangible property must be QOZBP, the Proposed Regulations provide that "substantially all" means 70% or more. In the case of the businesses of the Underlying Vehicles, under the Proposed Regulations the Company expects that this 70-percent test will be applied using the asset values that are reported or reflected on the Company's audited financial statements.

Property is treated as substantially improved by the QOF only if, during any 30-month period after the QOF acquires the property, additions to the adjusted basis (in the hands of the QOF) of the property exceed an amount equal to the adjusted basis (in the hands of the QOF) of the property at the beginning of the 30-month period.

On October 19, 2018, the IRS released Revenue Ruling 2018-29 describing the application, with respect to certain fact patterns, of the requirement that tangible property held directly or indirectly by a QOF must

be either placed in "original use" or be "substantially improved" in order to qualify as QOZBP. According to the Ruling, if a QOF acquires land in a QOZ and an existing building on the land, the original use requirement is not applicable to the land. Further, "substantial improvement" of such building is measured by reference to the cost basis of the building (excluding the land) in the QOF's hands immediately after being purchased by the QOF, with the result that additions to the adjusted basis of the building must exceed such cost basis rather than the cost basis of the building and the land together; thus, the QOF is not required to separately substantially improve the land upon which the building is located. The ruling also indicates that land purchased after 2017 by a QOF (or QOZB) will qualify as QOZBP if the substantial improvement test for the building already situated on the land is satisfied.

As a result, potential investors should be aware that no assurances can be provided that the Company will qualify as a QOF in any particular year or period or as to whether the Company will be subject to U.S. federal income tax penalties for failure to satisfy the 90-Percent Test, as described below. The 90-Percent Test is applied using the asset values that are reported on the QOF's "applicable financial statement," if any, for the relevant reporting period by taking the average of (i) the percentage of QOZP held by the QOF on the last day of the first six-month period of each taxable year of the QOF and (ii) the same percentage on the last day of each taxable year of the QOF. The Company expects that the 90-Percent Test will be applied using the asset values that are reported or reflected on the Company's audited financial statements. Thus, any increase in the value of the Company's interest in non-QOZP assets relative to its interest in QOZP could result in the Company failing the 90-Percent Test. In addition, the Company may accumulate reserves of cash for the purpose of investing in, or substantially improving, QOZP. Under the Proposed Regulations, the Company cannot treat cash reserves held directly by the Company as QOZBP for purposes of the 90-Percent Test. As a result, the Company may be limited in its ability to hold cash in anticipation of making investments, funding development costs or expenses, or otherwise. This may limit the Company's ability to implement its investment strategy.

Unless the failure to meet the 90-Percent Test is shown to be due to reasonable cause, a QOF that fails the 90-Percent Test is subject to a monthly penalty in an amount equal to the product of (i) the excess of (a) an amount equal to 90% of the QOF's gross assets over (b) the aggregate amount of QOZP held by the QOF, multiplied by (ii) the underpayment rate under Section 6621(a)(2) of the Code for the month divided by 12. The cost of any penalty imposed on the Company will be borne by the Shareholders ratably, regardless of whether any particular Shareholder is a Qualified Shareholder, through a reduction of the distributions that can be made by the Company out of the Company's assets. Additionally, failure by the Company to hold a sufficient percentage of QOZP may toll or even reset a Qualified Shareholder's holding period in its Shares for purposes of qualifying for certain tax benefits (including, for example, the exclusion from income of post-investment appreciation in its Shares and the partial elimination of deferred capital gain).

Furthermore, any otherwise Qualified Shareholder that subscribes for Shares during a month in which the Company failed to meet the 90-Percent Test and thus failed to qualify as a QOF may not be treated as a Qualified Shareholder with respect to the Shares that were acquired in the month.

Summary of Potential Tax Benefits of Investing in a QOF

The following summary describes the potential tax benefits available to Qualified Shareholders with respect to Qualified Shares. Qualified Shareholders can elect ("Deferral Election") to defer the recognition of eligible capital gain realized from a sale or exchange of property (prior to January 1, 2027) to an unrelated person, up to the amount the taxpayer invests in Shares within 180 days after the sale or exchange ("Deferral Amount"). A Qualified Shareholder's initial tax basis in its Qualified Shares is zero. The deferral of capital gain pursuant to the Deferral Election extends until the earlier of (i) the taxpayer's sale or exchange of its Qualified Shares, or (ii) December 31, 2026 ("Deferral Recognition Event"), at

which point the Qualified Shareholder generally will recognize an amount ("Deferral Recognition Amount") equal to the excess of (i) the lesser of (a) the Deferral Amount and (b) the fair market value of the Qualified Shares (as of the Deferral Recognition Event), over (ii) the adjusted tax basis of the Qualified Shares.

The IRS and the Treasury have indicated that a taxpayer will be required to make the gain-deferral election on a Form 8949 (Sales and Other Dispositions of Capital Assets) to be attached to its federal income tax return for the taxable year in which the gain would have been recognized if it had not been deferred.

When a Qualified Shareholder recognizes the Deferral Recognition Amount at the Deferral Recognition Event, it may be required to pay substantial income tax without receiving any related cash distribution from the Company.

If a Qualified Shareholder holds Qualified Shares for at least five years, the statute provides that the tax basis of those Qualified Shares will be increased by an amount equal to 10% of the Deferral Amount. Additionally, if a Qualified Shareholder holds Qualified Shares for at least seven years, the statute provides that the tax basis of those Qualified Shares will be increased by an additional amount equal to 5% of the Deferral Amount. However, it is possible that Treasury will interpret the law so that no such basis increases will occur after Dec. 31, 2026, with the result that a Shareholder may not receive the 5% basis step-up after their 7-year holding period if they did not acquire their Qualified Shares before January 1, 2020. The Deferral Recognition Amount with respect to Qualified Shares is calculated after taking into account the foregoing increases to the tax basis of the Qualified Shares.

The tax basis of Qualified Shares is increased by the Deferral Recognition Amount at the time of the Deferral Recognition Event. Note that, prior to the applicable Deferral Recognition Event, due to the zero or very low tax basis in its Qualified Shares a Qualified Shareholder may be subject to tax on non-dividend distributions by the Company even though the distributions economically represent a return of capital.

The character of the gains (e.g., long-term versus short-term) that are recognized at the Deferral Recognition Event will be the same as the character of the deferred gains that were realized in the prior sale or exchange of property to an unrelated person. Thus, if a Qualified Shareholder is treated as investing gains that would have a beneficial tax character for the Qualified Shareholder if they were recognized instead of deferred, the beneficial character is expected to be preserved when the gain is taken into account in the Deferral Recognition Event.

If a Qualified Shareholder holds Qualified Shares for at least 10 years, the Qualified Shareholder may elect to increase the tax basis of the Qualified Shares to equal to their fair market value on the date the Shares are sold or exchanged (including a redemption or liquidation of the Shares), with the result that no gain is recognized from the sale or exchange. As noted above, the Proposed Regulations provide that the ability to make such an election is not impaired solely because the QOZs in which the Company invested have ceased to be designated as QOZs, as long as the Qualified Shares are sold or exchanged on or prior to December 31, 2047.

Certain Risks Associated with the Legal Uncertainties of the QOF Rules

As indicated above, many aspects of Subchapter Z are currently uncertain. As described above, on October 19, 2018, the Treasury and IRS issued the Proposed Regulations. Although the Proposed Regulations will not be effective until published in final form, the Company and investors generally may rely upon them until they are changed, withdrawn or finalized, if applied consistently. The Treasury and

IRS have stated that additional guidance will be forthcoming to address certain significant issues that have not been addressed by the Proposed Regulations. Technical corrections legislation may be needed to clarify certain of the provisions in Subchapter Z and give proper effect to Congressional intent. No assurance can be provided that any legislation will be enacted, and even if enacted, whether the legislation will clearly address all items that require or would benefit from clarification. While additional Subchapter Z guidance is expected to be published by the Treasury in the near future, it is unclear when the guidance will be released and how Treasury will resolve the many areas of uncertainty in the QOF program. Moreover, additional legislation or guidance may provide that due to the Company's structure, investment strategies and/or practices, the Company will be unable to qualify as a QOF or provide investors with the anticipated tax benefits. There can be no guarantee that the Company will qualify as a QOF or that Qualified Shareholders will be able to realize any of the potential tax benefits described herein.

Each prospective investor should consult its tax adviser regarding the potential tax consequences of investing in a QOF, and with respect to any requirement to file additional forms with the IRS.

Taxation of Shareholders on Distributions with respect to Shares

As long as the Company qualifies as a REIT, a Shareholder must generally take into account as ordinary income distributions made out of the Company's current or accumulated earnings and profits that the Company does not designate as capital gain dividends or retained long-term capital gain. For purposes of determining whether a distribution is made out of its current or accumulated earnings and profits, the Company's earnings and profits will be allocated first to its preferred stock dividends and then to its common stock dividends.

Dividends paid to Shareholders will not qualify for the dividends received deduction generally available to corporations. In addition, dividends paid to a noncorporate Shareholder generally will not qualify for the 20% tax rate for qualified dividend income. As a result, the Company's ordinary REIT dividends received by a noncorporate Shareholder will be taxed at the higher tax rate applicable to ordinary income, the maximum rate for which is currently 37%, but each non-corporate U.S. shareholder generally may claim a deduction, under new Code Section 199A, against taxable income that is equal to 20% of the amount of the dividends received. However, the 20% tax rate for qualified dividend income will apply to the Company's ordinary REIT dividends to the extent attributable: (i) to dividends received by it from non-REIT corporations, such as domestic TRSs; or (ii) to income upon which it has paid corporate income tax (e.g., to the extent that the Company distributes less than 100% of its net taxable income). In general, to qualify for the reduced tax rate on qualified dividend income, a Shareholder must hold Shares for more than 60 days during the 121-day period beginning on the date that is 60 days before the date on which Shares becomes ex-dividend.

In addition, dividends paid to certain individuals, trusts and estates whose income exceeds certain thresholds are subject to a 3.8% Medicare tax.

A Shareholder generally will take into account as long-term capital gain any distributions that the Company designates as capital gain dividends without regard to the period for which the Shareholder has held Shares. The Company generally will designate its capital gain dividends as either 20% or 25% rate distributions. Refer below to the section entitled "Certain Tax Considerations—Capital Gains and Losses." A corporate Shareholder, however, may be required to treat up to 20% of certain capital gain dividends as ordinary income.

The Company may elect to retain and pay income tax on the net long-term capital gain that it receives in a taxable year. In that case, to the extent that the Company designates the amount in a timely notice to the

Shareholder, a Shareholder would be taxed on its proportionate share of the Company's undistributed long-term capital gain. The Shareholder would receive a credit for its proportionate share of the tax the Company paid. The Shareholder would increase the tax basis in its Shares by the amount of its proportionate share of the Company's undistributed long-term capital gain, minus its share of the tax the Company paid.

To the extent that the Company makes a distribution in excess of its current and accumulated earnings and profits, the distribution will not be taxable to a Shareholder to the extent that it does not exceed the adjusted tax basis of the Shareholder's Shares. Instead, the distribution will reduce the adjusted tax basis of the stock. To the extent that the Company makes a distribution in excess of both its current and accumulated earnings and profits and the Shareholder's adjusted tax basis in its Shares, the Shareholder will recognize long-term capital gain (or short-term capital gain if the Shares have been held for one year or less), assuming the Shares are a capital asset in the hands of the Shareholder. Under the QOZ rules, shareholders will have an initial basis of zero, such that any distributions in excess of the Company's earnings and profits would result in capital gain for the Shareholders.

In addition, if the Company declares a distribution in October, November or December of any year that is payable to a Shareholder of record on a specified date in any month, the distribution shall be treated as both paid by the Company and received by the Shareholder on December 31 of that year, provided that the Company actually pays the distribution during January of the following calendar year.

Shareholders may not include in their individual income tax returns any of the Company's net operating losses or capital losses. Instead, the Company would carry over the losses for potential offset against the Company's future income. Taxable distributions from the Company and gain from the disposition of Shares will not be treated as passive activity income, and, therefore, Shareholders generally will not be able to apply any "passive activity losses," such as losses from certain types of limited partnerships in which the Shareholder is a limited partner, against the income. In addition, taxable distributions from the Company and gain from the disposition of Shares generally may be treated as investment income for purposes of the investment interest limitations (although any capital gains so treated will not qualify for the lower 20% tax rate applicable to capital gains of Shareholders taxed at individual rates). The Company will notify Shareholders after the close of the Company's taxable year as to the portions of its distributions attributable to that year that constitute ordinary income, return of capital and capital gain.

Taxation of Shareholders on the Disposition of Shares

In general, a Shareholder who is not a dealer in securities must treat any gain or loss realized upon a taxable disposition of Shares as long-term capital gain or loss if the Shareholder has held the stock for more than one year and otherwise as short-term capital gain or loss. However, a Shareholder must treat any loss upon a sale or exchange of stock held by the Shareholder for six months or less as a long-term capital loss to the extent of any actual or deemed distributions from the Company that the Shareholder previously has characterized as long-term capital gain. All or a portion of any loss that a Shareholder realizes upon a taxable disposition of Shares may be disallowed if the Shareholder purchases other substantially identical Shares within 30 days before or after the disposition (in which case, the basis of the shares acquired would be adjusted to reflect the disallowed loss).

If a Qualified Shareholder holds Qualified Shares for at least 10 years, the Qualified Shareholder may elect to increase the tax basis of the Qualified Shares to equal to their fair market value on the date the Shares are sold or exchanged (including a redemption or liquidation of the Shares), with the result that no gain or loss is recognized from the sale or exchange. As noted above, the Proposed Regulations provide that the ability to make such an election is not impaired solely because the QOZs in which the Company

invested have ceased to be designated as QOZs, as long as the Qualified Shares are sold or exchanged on or prior to December 31, 2047.

The sale or other disposition (taxable or non-taxable) of Qualified Shares by a Qualified Shareholder before December 31, 2026, will result in the early recognition of the Deferral Recognition Amount with respect to some or all of the Qualified Shareholder's Qualified Shares, equal to the excess of (i) the lesser of (a) the Deferral Amount with respect to the Shares and (b) the fair market value of the Qualified Shares (as of the sale or disposition), over (ii) the adjusted tax basis of the Shares.

Whereas investors generally are permitted to choose which securities they are treated as selling for federal income tax purposes when they sell only some of the fungible securities of a particular class and issuer that they hold ("specific identification"), the Proposed Regulations provide that if a Shareholder disposes of less than all of the Shareholder's Shares, the Shares that are disposed of must be identified using a first-in, first-out (FIFO) method and, in cases where the FIFO method does not provide a complete answer, such as where eligible capital gains with different tax attributes were invested by the Shareholder in Qualified Shares at the same time, a pro-rata method must be used to determine the character, and any other attributes, of the gain recognized. The IRS and the Treasury have requested comments regarding whether the FIFO method should be required by the final QOF regulations, and it is possible that specific identification or another method could be permitted or required by final QOF regulations.

Capital Gains and Losses

A taxpayer generally must hold a capital asset for more than one year for gain or loss derived from its sale or exchange to be treated as long-term capital gain or loss. The highest marginal individual income tax rate is currently 37%. However, the maximum tax rate on long-term capital gain applicable to Shareholders taxed at individual rates is 20%. The maximum tax rate on long-term capital gain from the sale or exchange of "Section 1250 property," which we refer to as depreciable real property, is 25% computed on the lesser of the total amount of the gain or the accumulated Section 1250 depreciation. In addition, capital gains recognized by certain individuals, trusts and estates whose income exceeds certain thresholds are subject to a 3.8% Medicare tax.

With respect to distributions that the Company designates as capital gain dividends and any retained capital gain that it is deemed to distribute, the Company generally may designate whether the distribution is taxable to its Shareholders taxed at individual rates at a 20% or 25% rate. Thus, the tax rate differential between capital gain and ordinary income for those taxpayers may be significant. In addition, the characterization of income as capital gain or ordinary income may affect the deductibility of capital losses. A non-corporate taxpayer may deduct capital losses not offset by capital gains against its ordinary income only up to a maximum annual amount of $3,000. A non-corporate taxpayer may carry forward unused capital losses indefinitely. A corporate taxpayer must pay tax on its net capital gain at the regular corporate rate. A corporate taxpayer may deduct capital losses only to the extent of capital gains, with unused losses being carried back three years and forward five years.

Information Reporting Requirements and Backup Withholding; Shares Held Offshore

The Company will report to its Shareholders and to the IRS the amount of distributions it pays during each calendar year, and the amount of tax it withholds, if any. In addition, the Company may be required to withhold a portion of capital gain distributions to any Shareholders who fail to certify their non-foreign status to the Company.

Under FATCA, a U.S. withholding tax at a 30% rate will be imposed on dividends paid on Shares received by Shareholders who own their stock through foreign accounts or foreign intermediaries if

certain disclosure requirements related to U.S. accounts or ownership are not satisfied. In addition, if those disclosure requirements are not satisfied, a U.S. withholding tax at a 30% rate will be imposed on proceeds from the sale of Shares received by Shareholders who own their shares through foreign accounts or foreign intermediaries. The Company will not pay any additional amounts in respect of any amounts withheld.

Legislative or Other Actions Affecting REITs and QOFs

The present U.S. federal income tax treatment of REITs and QOFs may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time. The REIT rules are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury, which may result in statutory changes as well as revisions to regulations and interpretations. Additionally, several of the tax considerations described herein are currently under review and are subject to change. Prospective Shareholders are urged to consult with their own tax advisers regarding the effect of potential changes to the U.S. federal tax laws on an investment in Shares.

State and Local Taxes

The Company and/or the Shareholders may be subject to taxation by state and local taxing authorities in which the Company owns property. For Shareholders, whether the state in which they reside conforms its income tax law with the federal QOF provisions is an important factor they should consider. Shareholders in states that do conform with the federal QOF provisions may receive state income tax benefits corresponding to those available at the federal level. Conversely, Shareholders residing in nonconforming states may be unable to defer and reduce state income tax on the eligible capital gains invested in the Company. Shareholders in these nonconforming states may also be required to recognize gain for state income tax purposes on their eventual sale of Qualified Shares even if the gain on the sale is eliminated for federal income tax purposes. You are urged to consult your tax advisers regarding the effect of state and local tax laws upon an investment in Shares.

DESCRIPTION OF CAPITAL STOCK

The Company was formed under the laws of the State of Maryland. The rights of Shareholders are governed by Maryland law as well as the Organizational Documents. The following summary of the terms of the Company's stock is a summary of the material provisions concerning the Company's stock as of the Initial Closing and the effectiveness of the Charter and Bylaws and prospective investors should refer to the Maryland General Corporation Law (the "MGCL") and the Organizational Documents for a full description. The following summary is qualified in its entirety by the more detailed information contained in the Organizational Documents. Copies of the Organizational Documents are available upon request.

General

The Charter currently provides that the Company may issue up to 2,000,000,000 shares of common stock, $0.01 par value per share, 500,000,000 of which are classified as Class L Common Stock (the "Class L Shares"), 500,000,000 of which are classified as Class M Common Stock (the "Class M Shares"), 500,000,000 of which are classified as Class N Common Stock (the "Class N Shares") and 500,000,000 of which are classified as Class O Common Stock (the "Class O Shares"), and up to 100,000,000 shares of preferred stock, $0.01 par value per share, 125 of which are classified as 12.5% Series A Cumulative Non-Voting Series A Preferred Stock (the "Series A Preferred Stock"). The Charter authorizes the Board, without Shareholder approval, to amend the Charter to increase or decrease the aggregate number of shares of stock that the Company is authorized to issue or the number of authorized shares of any class or series. Under Maryland law, the Shareholders generally are not liable for the Company's debts or obligations solely as a result of the Shareholder's status as a shareholder.

Common Stock

All of the Shares offered by this Memorandum will, upon issuance, be duly authorized, fully paid and nonassessable. Subject to the preferential rights, of holders of any other class or series of the Company's stock, including the Series A Preferred Stock, and to the provisions of the Charter relating to the restrictions on ownership and transfer of the Company's stock, holders of the Company's common stock are entitled to receive dividends when authorized by the Board and declared by the Company out of assets legally available for distribution to the Shareholders and will be entitled to share ratably in the Company's assets legally available for distribution to the Shareholders in the event of the Company's liquidation, dissolution or winding up, after payment of or adequate provision for all of the Company's known debts and liabilities.

Subject to the voting rights of holders of any other class or series of the Company's stock, including the Series A Preferred Stock, and to the provisions of the Charter relating to the restrictions on ownership and transfer of the Company's stock, each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of the Shareholders, including the election of directors. Shareholders purchasing shares in this offering must enter into the Shareholders' Agreement, which will require holders of Shares to vote in accordance with the Board's recommendation on all matters submitted to a vote of Shareholders other than the election or removal of directors, amendments to the Shareholders' Agreement or amendments to the Charter that materially and adversely affect the terms of the Shares and that are not proposed in connection with a Public Listing or Sale, and the subscription agreement, which will give the officers of the Company the power to vote in accordance with the Shareholders' Agreement. See "Description of Capital Stock—Shareholders' Agreement." Except as provided with respect to any other class or series of the Company's stock, including the Series A Preferred Stock, the holders of the Company's common stock will possess the exclusive voting power. There is no cumulative voting in the election of directors and directors will be elected by a plurality of the votes cast in the election of

directors, which means that the holders of a majority of the outstanding shares of common stock can elect all of the directors then standing for election, and the holders of the remaining shares will not be able to elect any directors.

Holders of the Company's common stock have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any of the Company's securities. Subject to the provisions of the Charter relating to the restrictions on ownership and transfer of the Company's stock, all holders of the Company's common stock will have equal dividend, liquidation and other rights.

Under Maryland law, a Maryland corporation generally cannot amend its charter, consolidate, convert, merge, sell all or substantially all of its assets, engage in a statutory share exchange or dissolve unless the action is advised by its board of directors and approved by the affirmative vote of shareholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. A Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. As permitted by Maryland law, except for amendments to the provisions of the Charter relating to the removal of directors and the vote required to amend the removal provision, which must be approved by the affirmative vote of at least two-thirds of the votes entitled to be cast on the matter, and certain amendments that require the approval of the holders of Series A Preferred Stock the Charter provides that any of these actions may be approved by the affirmative vote of Shareholders entitled to cast a majority of all of the votes entitled to be cast on the matter. However, the Shareholders' Agreement requires each Shareholder to vote in accordance with the Board's recommendation on any Charter amendment that does not materially and adversely affect the terms of the Shares or that has been proposed in connection with a Public Listing or Sale. Maryland law also permits a Maryland corporation to transfer all or substantially all of its assets without the approval of its shareholders to an entity owned, directly or indirectly, by the corporation. Because the Company's operating assets may be held by the Company's wholly owned subsidiaries, these subsidiaries may be able to merge or transfer all or substantially all of their assets without the approval of the Shareholders.

Class L Shares

Each Class L Share issued is subject to an upfront selling commission of up to 3.5% of the transaction price of each Class L Share sold on the date of the purchase. The Company will pay Shareholder Servicing Fees over time with respect to the Company's outstanding Class L Shares equal to 0.85% per year of the aggregate NAV of the Company's outstanding Class L Shares. The Shareholder Servicing Fees are accrued monthly.

Class M Shares

Each Class M Share issued is subject to an upfront selling commission of up to 3.5% of the transaction price of each Class M Share sold on the date of the purchase. The Company will pay Shareholder Servicing Fees over time with respect to the Company's outstanding Class M Shares equal to 0.35% per year of the aggregate NAV of the Company's outstanding Class M Shares. The Shareholder Servicing Fees are accrued monthly.

Class N Shares

Each Class N Share issued is subject to an upfront selling commission of up to 3.5% of the transaction price of each Class N Share sold on the date of the purchase. The Company will pay Shareholder Servicing Fees over time with respect to the Company's outstanding Class N Shares equal to 0.15% per

year of the aggregate NAV of the Company's outstanding Class N Shares. Shareholder Servicing Fees are accrued monthly.

Class O Shares

Class O Shares are not subject to an upfront selling commission or Shareholder Servicing Fees.

Conversion of Common Stock

Immediately before the closing or consummation of a Public Listing or Sale, each Class L Share, Class M Share, Class N Share and Class O Share will automatically and without any action on the part of the holder thereof convert into a number of shares of the Company's common stock, without further designation, with an equivalent NAV of such share.

Power to Reclassify and Increase the Number of Authorized Shares of Stock

The Board may, without Shareholder approval, classify any unissued shares of the Company's preferred stock and reclassify any unissued shares of the Company's common stock or previously-classified shares of the Company's preferred stock into other classes or series of stock. Before authorizing the issuance of shares of any new class or series, the Board must set, subject to the provisions of the Charter relating to the restrictions on ownership and transfer of the Company's stock, the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms or conditions of redemption for each class or series of stock. In addition, the Charter authorizes the Board, with the approval of a majority of the entire Board and without Shareholder approval, to amend the Charter to increase or decrease the aggregate number of shares of stock, or the number of shares of any class or series of stock, that the Company is authorized to issue. These actions can be taken without common Shareholder approval, unless Shareholder approval is required by applicable law, the terms of any other class or series of the Company's stock or the rules of any stock exchange or automated quotation system on which the Company's securities may be listed or traded.

Series A Preferred Stock

The Company may issue 125 shares of Series A Preferred Stock after the Initial Closing to assist the Company to qualify as a REIT. The shares of Series A Preferred Stock will rank senior to all other existing classes and series of stock of the Company, including the Shares, with respect to the payment of dividends and redemption rights, and the distribution of the Company's assets upon dissolution, liquidation or winding up. Dividends on outstanding Series A Preferred Stock will accrue at the rate of 12.5% per annum of the sum of $1,000 plus all accumulated and unpaid dividends thereon, and will be cumulative from and including the date of issuance. In the event of any voluntary or involuntary dissolution, liquidation or winding up of the affairs of a Company, the holders of its outstanding Series A Preferred Stock will be entitled to be paid a liquidation preference per share of Series A Preferred Stock equal to $1,000 plus the amount of any accrued and unpaid dividends thereon, plus, if applicable, the redemption premium described below. The shares of Series A Preferred Stock have no voting rights and are redeemable at the option of the Company for a redemption price equal to $1,000 plus the amount of any accrued and unpaid dividends thereon, plus a redemption premium of $50 per share if the shares of a Series A Preferred Stock are redeemed on or before December 31, 2020.

Restrictions on Ownership and Transfer

In order for the Company to qualify as a REIT under the Code, the Company's stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first

year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding shares of the Company's stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities such as qualified pension plans) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made). To qualify as a REIT, the Company must satisfy other requirements as well. See "Certain Tax Considerations—Taxation of the Company."

The Charter contains restrictions on the ownership and transfer of the Company's stock intended, among other purposes, to assist the Company in qualifying as a REIT. Subject to the exemptions and waivers described below, no person or entity may beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% (in value or by number of shares, whichever is more restrictive) of the Company's outstanding common stock or 9.8% in value of the Company's outstanding stock. The Company refers to these restrictions, collectively, as the "ownership limit."

The constructive ownership rules under the Code are complex and may cause stock owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% of the Company's outstanding common stock or 9.8% of the Company's outstanding stock, or the acquisition of an interest in an entity that owns the Company's stock, could cause the acquiror or another individual or entity to own the Company's stock in excess of the ownership limit.

The Board may, upon receipt of certain representations and agreements and in its sole discretion, prospectively or retroactively, exempt a person from the ownership limit or establish a different limit on ownership for a person if the person's ownership in excess of the ownership limit would not result in the Company's being "closely held" under Section 856(h) of the Code (without regard to whether the interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT. As a condition of granting a waiver of the ownership limit or creating an excepted holder limit, the Board may, but is not required to, require an opinion of counsel or IRS ruling satisfactory to the Board as it may deem necessary or advisable to determine or ensure the Company's status as a REIT and may impose any conditions or restrictions on such a waiver or excepted holder limit as it deems appropriate.

The Board may, at any time, increase or decrease the ownership limit for one or more persons unless, after giving effect to any increased or decreased ownership limit, five or fewer persons could beneficially own, in the aggregate, more than 49.9% in value of the aggregate outstanding shares of the Company's stock or the Company would otherwise fail to qualify as a REIT. A decreased ownership limit will not apply to any person whose ownership of the Company's stock at the time the ownership limit is decreased exceeds the decreased ownership limit until the person's ownership of the Company's stock equals or falls below the decreased ownership limit, but any acquisition of the Company's stock by such a person after the decrease in the ownership limit will violate the decreased ownership limit.

In addition to the ownership limit, the Charter prohibits:

- any person from beneficially or constructively owning shares of the Company's stock that would result in the Company being "closely held" under Section 856(h) of the Code (without regard to whether the Shareholder's interest is held during the last half of a taxable year) or otherwise cause the Company to fail to qualify as a REIT or a "domestically-controlled REIT"; and

- any person from transferring shares of the Company's stock if the transfer would result in shares of the Company's stock being beneficially owned by fewer than 100 persons or 25% of more of

any class or series of the Company's stock that does not qualify as a class of publicly-offered securities being owned by Benefit Plan Investors.

Any person who acquires or attempts to acquire beneficial or constructive ownership of shares of the Company's stock that will or may violate the ownership limit or any of the other restrictions on transfer and ownership of the Company's stock discussed above, or who would have owned shares of the Company's stock that are transferred to the trust as described below, must give written notice immediately to the Company or, in the case of a proposed transaction, give at least 15 days prior written notice to the Company and provide the Company with any other information the Company may request in order to determine the effect of such transfer on the Company's qualification as a REIT.

Any attempted transfer of shares of the Company's stock that, if effective, would result in the Company's stock being beneficially owned by fewer than 100 persons will be void and the intended transferee will acquire no rights in the shares. Any attempted transfer of the Company's stock that, if effective, would result in a violation of the ownership limit, the Company's being "closely held" under Section 856(h) of the Code (without regard to whether the Shareholder's interest is held during the last half of a taxable year) or the Company's otherwise failing to qualify as a REIT will cause the number of shares causing the violation (rounded to the nearest whole share) to be transferred automatically to one or more trusts for the exclusive benefit of one or more charitable beneficiaries, and the proposed transferee will not acquire any rights in the shares, effective as of the close of business on the business day before the date of the attempted transfer or other event that resulted in the transfer to the trust. If the transfer to the trust as described above does not occur or is not automatically effective, for any reason, to prevent a violation of the applicable restrictions on ownership and transfer of the Company's stock, then the attempted transfer which, if effective, would have resulted in a violation of the restrictions on ownership and transfer of the Company's stock will be void.

Shares of the Company's stock held in the trust will be issued and outstanding shares. The proposed transferee will not benefit economically from ownership of any shares of the Company's stock held in the trust and will have no rights to dividends and no rights to vote or other rights attributable to the shares of the Company's stock held in the trust. The trustee of the trust will exercise all voting rights and receive all dividends and other distributions with respect to shares held in the trust for the exclusive benefit of the charitable beneficiary of the trust. Any dividend or other distribution paid before the Company discovers that the shares have been transferred to a trust as described above must be repaid by the recipient to the trustee upon demand. Subject to Maryland law, effective as of the date that the shares have been transferred to the trust, the trustee may rescind as void any vote cast by a proposed transferee before the Company's discovery that the shares have been transferred to the trust and to recast the vote in accordance with the desires of the trustee, unless the Company has already taken irreversible corporate action.

Within 20 days of receiving notice from the Company of a transfer of shares to the trust, the trustee must sell the shares to a person that could own the shares without violating the ownership limit or the other restrictions on ownership and transfer of the Company's stock contained in the Charter. After the sale of the shares, the interest of the charitable beneficiary in the shares transferred to the trust will terminate and the trustee must distribute to the proposed transferee an amount equal to the lesser of:

- the price paid by the proposed transferee for the shares or, if the event causing the shares to be held in the trust did not involve a purchase of the shares at market price, the market price (as defined in the Charter) of the shares on the day of the event causing the shares to be held by the trust; and

- the price received by the trustee from the sale or other disposition of the shares.

The trustee may reduce the amount payable to the proposed transferee by the amount of any dividends or other distributions that the Company paid to the proposed transferee before the Company discovered that the shares had been transferred to the trust and that is owed by the proposed transferee to the trustee as described above. The trustee must distribute any remaining funds to the charitable beneficiary. If the shares are sold by the proposed transferee before the Company discovers that they have been transferred to the trust, the shares will be deemed to have been sold on behalf of the trust and the proposed transferee must pay to the trustee, upon demand the amount, if any, that the proposed transferee received in excess of the amount that the proposed transferee would have received had the shares been sold by the trustee.

Shares of the Company's stock held in the trust will be deemed to be offered for sale to the Company, or the Company's designee, at a price per share equal to the lesser of:

- the price per share in the transaction that resulted in the transfer to the trust (or, if the event causing the shares to be held in the trust did not involve a purchase of the shares at market price, the market price of the shares on the day of the event causing the shares to be held in the trust); and

- the market price on the date the Company, or the Company's designee, accept the offer.

The Company may reduce the amount so payable by the amount of any dividends or other distributions that the Company paid to the proposed transferee before the Company discovered that the shares had been transferred to the trust and that is owed by the proposed transferee to the trustee as described above, and pay such amount to the trustee for distribution to the charitable beneficiary. The Company may accept the offer until the trustee has otherwise sold the shares of the Company's stock held in the trust. Upon a sale to the Company, the interest of the charitable beneficiary in the shares sold will terminate and the trustee must distribute the net proceeds of the sale to the proposed transferee and distribute remaining funds to the charitable beneficiary.

Every owner of 5% or more (or such lower percentage as required by the Code or the regulations promulgated thereunder) of the outstanding shares of the Company's stock, within 30 days after the end of each taxable year, must give the Company written notice stating the person's name and address, the number of shares of each class and series of the Company's stock that the person beneficially owns and a description of the manner in which the shares are held. Each such owner also must provide the Company with any additional information that the Company requests in order to determine the effect, if any, of the person's beneficial ownership on the Company's status as a REIT and to ensure compliance with the ownership limit. In addition, any person or entity that is a beneficial owner or constructive owner of shares of the Company's stock and any person or entity (including the shareholder of record) who is holding shares of the Company's stock for a beneficial owner or constructive owner must, on request, disclose to the Company in writing such information as the Company may request in order to determine the Company's status as a REIT or to comply, or determine the Company's compliance, with the requirements of any governmental or taxing authority.

Any certificates representing shares of the Company's stock will bear a legend referring to the restrictions described above.

These restrictions on ownership and transfer of the Company's stock will not apply if the Board determines that it is no longer in the Company's best interests to attempt to qualify, or to continue to qualify, as a REIT or that compliance with any or all of these restrictions is no longer required in order for the Company to qualify as a REIT.

The Company's stock may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws. There is not currently a public or other market for the Shares. See "Certain Regulatory Considerations—No Registration under the Securities Act."

These restrictions on ownership and transfer of the Company's stock could delay, defer or prevent a transaction or a change of control of the Company that might involve a premium price for the Company's common stock or otherwise be in the best interests of the Shareholders.

Distribution Policy

The Company intends to pay distributions to Shareholders on a quarterly basis as authorized by the Board.

Distributions are made on all classes of Shares at the same time. All distribution amounts will be made on a *pro rata* basis based on the NAV of each class of Shares.

To qualify as a REIT, the Company is required to pay distributions sufficient to satisfy the requirements for qualification as a REIT for tax purposes. The Company intends to distribute sufficient income so that the Company satisfies the requirements for qualification as a REIT. In order to qualify as a REIT, the Company is required to distribute 90% of its annual REIT taxable income, determined without regard to the dividends-paid deduction and excluding net capital gains, to Shareholders. See "Certain Tax Considerations—Taxation of the Company." Generally, income distributed to Shareholders will not be taxable to the Company under the Code if the Company distributes at least 90% of its REIT taxable income, determined without regard to the dividends-paid deduction and excluding net capital gains.

Distributions will be authorized at the discretion of the Board, in accordance with the Company's earnings, cash flows and general financial condition. The Board's discretion is directed, in substantial part, by its obligation to cause the Company to comply with the REIT requirements. Because the Company may receive income from interest or rents at various times during its fiscal year, distributions may not reflect the Company's income earned in that particular distribution period but may be made in anticipation of cash flows which the Company may receive during a later quarter and may be made in advance of actual receipt of funds in an attempt to make distributions relatively uniform. Due to these timing differences, among other reasons, the Company may be required to borrow money, use proceeds from the issuance of securities (in this offering or subsequent offerings, if any) or sell assets in order to distribute amounts sufficient to satisfy the REIT requirements. There is no assurance that the Company will pay distributions in any particular amount, if at all.

Shareholders' Agreement

Each Shareholder, upon the execution of the subscription agreement, will become a party to the Shareholders' Agreement and fully bound by, and subject to, all of the covenants, terms and conditions contained therein. The Shareholders' Agreement has the effect of modifying important rights of Shareholders under Maryland law.

Voting

The Shareholders' Agreement requires Shareholders to vote in accordance with the Board's recommendation on all matters submitted to a vote of Shareholders prior to a Public Listing or Sale other than: (i) the election or removal of directors; (ii) amendments to the Shareholders' Agreement; or (iii) amendments to the Charter that materially and adversely affect the terms of the Shares. However, the following actions will not be deemed to materially and adversely affect the terms of the Shares and

Shareholders will be required to vote in accordance with the Board's recommendation with respect to: (x) an increase in the number of authorized or issued shares of any class or series of the Company's capital stock, or the creation or issuance of any new class or series of capital stock; (y) the dissolution of the Company; or (z) any amendment, alteration or repeal of any provision of the Charter by or in connection with a Public Listing or Sale.

By executing the subscription agreement, each Shareholder is granting an irrevocable proxy and power of attorney to the officers of the Company to attend, and vote at, all meetings of the Shareholders of the Company and to execute all written consents on behalf of such Shareholder in accordance with the Shareholders' Agreement.

Drag-Along Right

Subject to certain exceptions, the Shareholders' Agreement provides that, in connection with any Public Listing or Sale, each Shareholder agrees to sell or exchange the Shares in accordance with the terms and conditions of such Public Listing or Sale approved by the Board and to take such other actions in support of the Public Listing or Sale as may reasonably be requested by the Company.

The drag-along right terminates upon the consummation of a Public Listing or Sale.

Registration Rights

The Shareholders' Agreement provides that if the Company proposes to file a registration statement under the Securities Act with respect to the public offering of shares of the Company's common stock for cash by and for the account of the Company (other than a registration statement filed on Form S-4, Form S-8 or any successor forms thereto or filed solely in connection with an exchange offer, an offering of securities solely to the Company's existing shareholders, an offering of debt securities convertible into equity securities of the Company or any employee stock options, benefit or dividend reinvestment plan), then, each such time, the Company is required to give prompt written notice of such proposed filing to Shareholders. Subject to certain limitations, this notice shall offer Shareholders the opportunity to include in such registration statement the number of registrable securities of the same class as the securities being registered.

Amendment

The Shareholders' Agreement may be amended by the Company (without the approval of any Shareholder) by providing notice of the material terms of such amendment to each Shareholder within 10 days following the effective time of the amendment. Any amendment to the Shareholders' Agreement that materially and adversely affects the express contract rights of the Shareholders thereunder requires the approval of the Shareholders holding a majority of the Shares then held by the Shareholders.

CERTAIN PROVISIONS OF MARYLAND LAW, THE CHARTER AND BYLAWS

The following description of the terms of certain provisions of Maryland law, the Charter and the Bylaws is only a summary. For a complete description, the Company refers you to the MGCL, the Charter and the Bylaws. Copies of the Charter and Bylaws are available upon request.

Election and Removal of Directors; Board of Directors

The Charter and Bylaws provide that the number of the Company's directors may be established only by the Board but may not be fewer than the number required by the MGCL nor, unless the Bylaws are amended, more than 15. Any vacancy on the Board may be filled by a majority of the remaining directors or, if the vacancy resulted from an increase in the number of directors, a majority of the entire Board.

There will be no cumulative voting in the election of directors, and directors will be elected by a plurality of the votes cast in the election of directors. Consequently, the holders of a majority of the shares of common stock will be able to elect all of the directors nominated for election at any annual meeting of Shareholders.

The Charter provides that a director may be removed only for cause (as defined in the Charter) and only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors.

The directors (other than any director elected solely by holders of one or more classes or series of the Company's preferred stock) will be divided into five classes, as nearly equal in size as is practicable. At each annual meeting of the Shareholders, the successors to the directors whose term expires at that meeting will be elected to hold office for a term expiring at the fifth succeeding annual meeting of stockholders following the meeting at which they were elected and until their successors are duly elected and qualify. The term of office of the initial Class I director will expire at the first annual meeting of the Shareholders after the Initial Closing, the term of office of the initial Class II director will expire at the second annual meeting of the Shareholders after the Initial Closing, the term of office of the initial Class III director will expire at the third annual meeting of the Shareholders after the Initial Closing, the term of office of the initial Class IV director will expire at the fourth annual meeting of the Shareholders after the Initial Closing and the term of office of the initial Class V director will expire at the fifth annual meeting of the Shareholders after the Initial Closing. The initial Class I, Class II, Class III, Class IV and Class V directors will be determined by the Board before or as soon as reasonably practicable after the Initial Closing.

The Bylaws provide that, in order for any for any individual to be nominated for election, or to qualify or continue to serve, as a director, the election or service of such individual as a director must not cause the Board to fail to be comprised of: (a) at all times before a Public Listing or Sale, other than a Public Listing or Sale that is the listing of the Company's common stock on a national securities exchange, that the Adviser is providing investment advisory services to the Company, one director (the "Adviser Designee") designated by the Adviser; (b) at all times before a Public Listing or Sale, other than a Public Listing or Sale that is the listing of the Company's common stock on a national securities exchange, that the Sub-Adviser is providing investment sub-advisory services to the Company, one director (the "Sub-Adviser Designee") designated by the Sub-Adviser; and (c) at all times before a Public Listing or Sale that either the Adviser or the Sub-Adviser is providing investment advisory or sub-advisory services to the Company, all other directors shall be Independent Directors that are designated by the Continuing Directors.

"Continuing Directors" means the individuals (A) who were directors as of the date of the Initial Closing or (B) whose election by the Board or nomination for election by the Company's stockholders was

approved by the affirmative vote of at least two-thirds of the Independent Directors then in office who were directors as of the date of the Initial Closing or whose election or nomination for election was previously so approved.

The term of the Adviser Designee will automatically terminate upon the earliest to occur of (i) the Adviser's notification to the Company that such person is no longer the Adviser Designee or (ii) such time as it is not a qualification for a director to be nominated, elected or serve that at least one of the directors of the Company is an Adviser Designee, and the term of the Sub-Adviser Designee will automatically terminate upon the earliest to occur of (i) the Sub-Adviser's notification to the Company that such person is no longer the Sub-Adviser Designee or (ii) such time as it is not a qualification for a director to be nominated, elected or serve that at least one of the directors of the Company is a Sub-Adviser Designee.

Business Combinations

Under Maryland law, certain "business combinations" between a Maryland corporation and an interested shareholder or an affiliate of an interested shareholder are prohibited for five years after the most recent date on which the interested shareholder becomes an interested shareholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested shareholder is defined as:

- any person who beneficially owns ten percent or more of the voting power of the corporation's outstanding voting stock; or

- an affiliate or associate of the corporation who, at any time within the two-year period before the date in question, was the beneficial owner of ten percent or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested shareholder if the board of directors approved in advance the transaction by which he or she otherwise would have become an interested shareholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the Maryland corporation and an interested shareholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by shareholders entitled to vote generally in the election of directors; and

- two-thirds of the votes entitled to be cast by shareholders entitled to vote generally in the election of directors, other than the interested shareholder with whom or with whose affiliate the business combination is to be effected or an affiliate or associate of the interested shareholder.

These super-majority vote requirements do not apply if the corporation's common shareholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested shareholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors before the time that the interested shareholder becomes an interested shareholder. As permitted by statute, the Board expects to adopt a resolution prior to the Initial Closing

exempting any business combination between the Company and any other person that has been approved by the Board, including a majority of the Company's directors who are not affiliates or associates of such person. There can be no assurance that the Board will not amend or revoke this resolution at any time in the future.

Control Share Acquisitions

Maryland law provides that a holder of control shares of a Maryland corporation acquired in a control share acquisition has no voting rights with respect to the control shares except to the extent approved by at least two-thirds of the votes entitled to be cast by shareholders entitled to vote generally in the election of directors, excluding votes entitled to be cast by the acquiror, officers and employees who are directors of the corporation. Control shares are voting shares of stock that, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would cause the acquiror to be entitled to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more.

Control shares do not include shares that the acquiror is then entitled to vote as a result of having previously obtained shareholder approval or shares acquired directly from the corporation. A control share acquisition means the acquisition of issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may, upon satisfaction of certain conditions (including an undertaking to pay expenses), compel the corporation to call a special meeting of shareholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any shareholders meeting.

If voting rights of control shares are not approved at the meeting or if the acquiror does not deliver an acquiring person statement as required by the statute, then the corporation may, subject to certain limitations and conditions, redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or, if a meeting of shareholders is held at which the voting rights of the shares are considered and not approved, as of the date of the meeting. If voting rights for control shares are approved at a shareholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other shareholders may exercise appraisal rights, unless the corporation's charter or Bylaws provide otherwise. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply to (a) shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction, or (b) acquisitions approved or exempted by the charter or bylaws of the corporation.

The Bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of the Company's stock. There can be no assurance that this provision will not be amended or eliminated at any time in the future.

Special Meetings of Shareholders

The Company's chairman, president, chief executive officer or Board may call special meetings of the Shareholders. A special meeting of the Shareholders to act on any matter that may properly be considered at a meeting of the Shareholders must also be called by the Company's secretary upon the written request of Shareholders entitled to cast a majority of all the votes entitled to be cast on such matter at the meeting and containing the information required by the Bylaws. The Company's secretary will inform the requesting Shareholders of the reasonably estimated cost of preparing and mailing the notice of meeting (including the Company's proxy materials), and the requesting Shareholder must pay such estimated cost before the Company's secretary may prepare and mail the notice of the special meeting.

Advance Notice of Director Nomination and New Business

The Bylaws provide that nominations of individuals for election to the Board and proposals of business to be considered by Shareholders at any annual meeting of the Shareholders may be made only (i) pursuant to the Company's notice of the meeting, (ii) by the Board or (iii) by any Shareholder who was a Shareholder of record as of the record date for the meeting, at the time the Shareholder provides the notice required by the Bylaws and at the time of the annual meeting, who is entitled to vote at the meeting in the election of the individuals so nominated or on such other proposed business and who has complied with the advance notice requirements of, and provided the information and other materials required by, the Bylaws. Shareholders generally must provide notice to the Company's secretary not before the 120th day or after the 150th day before the first anniversary of the date of the Company's proxy statement for the solicitation of proxies for the election of directors at the preceding year's annual meeting.

Only the business specified in the Company's notice of the meeting may be brought before a special meeting of the Shareholders. Nominations of individuals for election to the Board at a special meeting of Shareholders may be made only (i) by or at the direction of the Board or (ii) if the special meeting has been called in accordance with the Bylaws for the purpose of electing directors, by any Shareholder who is a Shareholder of record as of the record date for the meeting, at the time the Shareholder provides the notice required by the Bylaws and at the time of the special meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the advance notice requirements of, and provided the information and other materials required by, the Bylaws. Shareholders generally must provide notice to the Company's secretary not before the 120th day before such special meeting and after the later of the 90th day before the special meeting or the tenth day after public announcement of the date of the special meeting and the nominees of the Board to be elected at the meeting.

Effect of Certain Provisions of Maryland law and the Company's Charter and Bylaws

The restrictions on ownership and transfer of the Company's stock discussed under the caption "Description of Securities–Restrictions on Ownership and Transfer" prevent any person from acquiring more than 9.8% of the Company's outstanding common stock or 9.8% of the Company's outstanding stock without the prior approval of the Board. These provisions, as well as the business combination statute and control share statute discussed above, the supermajority vote required to amend certain provisions of the Charter, as well as the provisions of the Shareholders' Agreement that provide management with the power to vote in accordance with the Board's recommendations with respect to certain matters may delay, defer or prevent a change in control of the Company. The Board has the power to increase the aggregate number of authorized shares and to classify and reclassify any unissued shares of the Company's common stock or preferred stock into other classes or series of stock, and to authorize the Company to issue the newly-classified shares, as discussed under the captions "Description of Capital Stock–General" and "Description of Capital Stock–Power to Reclassify and Increase the

Number of Authorized Shares of Stock," and could authorize the issuance of shares of common stock or a series of preferred stock that could have the effect of delaying, deferring or preventing a change in control of the Company. The Company believes that the power to increase the aggregate number of authorized shares and to classify or reclassify unissued shares of common or preferred stock, without Shareholder approval, provides the Company with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise.

The provision of the Charter requiring that the Company's directors may be removed only for cause and only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors as discussed above under the caption "–Election and Removal of Directors; Board of Directors" prevents the Shareholders from removing incumbent directors except for cause and upon a substantial affirmative vote. The Charter and Bylaws also provide that the number of directors may be established only by the Board, which prevents the Shareholders from increasing the number of directors on the Board. The provisions of the Bylaws discussed above under the captions "– Special Meetings of Shareholders" and "–Advance Notice of Director Nomination and New Business" require Shareholders seeking to call a special meeting, nominate an individual for election as a director or propose other business at an annual meeting to comply with certain notice and information requirements. The Company believes that these provisions will help to assure the continuity and stability of the Company's business strategies and policies as determined by the Board and promote good corporate governance by providing the Company with clear procedures for calling special meetings, information about a Shareholder proponent's interest in the Company and adequate time to consider Shareholder nominees and other business proposals. These provisions, as well as the classification of the Board and the nomination rights provided in the Bylaws, alone or in combination, could make it more difficult for the Shareholders to remove incumbent directors or fill vacancies on the Board with their own nominees and could delay, defer or prevent a change in control, including a proxy contest or tender offer that might involve a premium price for the Company's common Shareholders or otherwise be in the best interest of the Shareholders.

Exclusive Forum

The Bylaws provide that, unless the Company consents in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, will be the sole and exclusive forum for (a) any derivative action or proceeding brought on the Company's behalf, (b) any action asserting a claim of breach of any duty owed by any of the Company's directors, officers or other employees to the Company or to the Shareholders, (c) any action asserting a claim against the Company or any of the Company's directors, officers or other employees arising pursuant to any provision of the MGCL or the Charter or Bylaws or (d) any action asserting a claim against the Company or any of the Company's directors, officers or other employees that is governed by the internal affairs doctrine.

Amendments to Bylaws

The Bylaws may only be amended, altered or repealed by the Board.

LIMITATIONS OF LIABILITY AND INDEMNIFICATION

Maryland law permits a Maryland corporation to include a provision in its charter eliminating the liability of its directors and officers to the corporation and its shareholders for money damages, except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty that is established by a final judgment and is material to the cause of action. The Charter contains a provision that eliminates the Company's directors' and officers' liability to the maximum extent permitted by Maryland law.

Moreover, the Advisory Agreement and the Sub-Advisory Agreement provide that none of the Adviser, the Sub-Adviser, members of their respective investment committees, persons controlling, controlled by or under common control with any of the foregoing, or any of their respective direct or indirect directors, members, stockholders, partners, officers, employees or controlling persons (each an "Indemnified Person") shall be liable to the Adviser (with respect to the Sub-Adviser), the Sub-Adviser (with respect to the Adviser), the Company or to the Shareholders for (i) any act or omission performed or failed to be performed by such person, or for any losses, claims, costs, damages, or liabilities arising therefrom, other than as a result of any Indemnified Person's fraud, willful misconduct, bad faith, gross negligence or criminal wrongdoing, (ii) any tax liability or penalty imposed on the Company, any subsidiary of the Company or other entity in which the Company invests, directly or indirectly, any Shareholder, the Adviser or the Sub-Adviser, including as a result of the Company's failure to qualify as a QOF or a REIT or the inability of a Shareholder to be able to take advantage of any or all of the tax benefits in respect thereof, other than as a result of any Indemnified Person's fraud, willful misconduct, bad faith, or criminal wrongdoing, (iii) any losses due to the actions or omissions of any brokers or other agents selected, retained and monitored by the Adviser or the Sub-Adviser with reasonable care; or (iv) any losses due to the actions or omissions of the Adviser under the Advisory Agreement (with respect to the Sub-Adviser) or Sub-Adviser under the Sub-Advisory Agreement (with respect to the Adviser).

Maryland law requires a Maryland corporation (unless its charter provides otherwise, which the Charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made a party by reason of his or her service in that capacity. Maryland law permits a Maryland corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. Under Maryland law, a Maryland corporation also may not indemnify a director or officer in a suit by or on behalf of the corporation in which the director or officer was adjudged liable to the corporation or for a judgment of liability on the basis that personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct; however, indemnification for an adverse judgment in a suit by the Company or in the Company's right, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses.

In addition, the MGCL permits a Maryland corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by the director or officer or on his or her behalf to repay the

amount paid or reimbursed by the corporation if it is ultimately determined that he or she did not meet the standard of conduct.

To the maximum extent permitted by Maryland law in effect from time to time, the Charter and Bylaws obligate the Company to indemnify and, without requiring a preliminary determination of such individual's ultimate entitlement to indemnification, to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to any individual who is made or threatened to be made a party to, or witness in, a proceeding by reason of his or her service, as (a) a present or former director or officer of the Company or (b) while a director or officer of the Company and at its request, a director, officer, partner, manager, member or trustee of another corporation, real estate investment trust, partnership, joint venture, trust, limited liability company, employee benefit plan or other enterprise, in each case, from and against any claim or liability to which the indemnitee may become subject or that the indemnitee may incur by reason of his or her service in any of these capacities. The Charter and Bylaws also permit the Company to indemnify and advance expenses to any individual who served a predecessor of the Company in any of the capacities described above and any employee or agent of the Company or a predecessor of the Company.

The Company expects to enter into indemnification agreements with each of its directors and executive officers that will provide for indemnification and advance of expenses to the maximum extent permitted by Maryland law.

The Company intends to purchase and maintain insurance on behalf of all of its directors and executive officers against liability asserted against or incurred by them in their official capacities, whether or not the Company is required or has the power to indemnify them against the same liability.

METHOD OF SUBSCRIPTION

One (1) copy of the entire, accompanying applicable Subscription Agreement for the Company should be executed and submitted. Submission methods are provided below. Please note fax is the preferred method.

Email: skybridgeis@bnymellon.com	Fax: 1 (508) 559-6082
By U.S. Mail:	By Overnight Mail:
SkyBridge Capital C/O BNY Mellon Investment Servicing (U.S.) Inc. P O Box 9861 Providence, RI 02940-5078 Attention: SkyBridge SOZ REIT	SkyBridge Capital C/O BNY Mellon Investment Servicing (U.S.) Inc. 4400 Computer Drive Westborough, MA 01581 Attention: SkyBridge SOZ REIT

Further, all investors are required to submit all other materials and information as may be reasonably requested. Each Shareholder who invests at any subsequent closing will also be required to provide all of the information required above to invest in the Company. Subscription Agreements and other required materials, as described above, must be received by the Company on or before the relevant closing date, although this requirement may be waived by the Company in its sole discretion.

In addition, funds are required to be deposited with the Company as stated in the Subscription Agreement on or before the relevant subscription date, although this requirement may be waived by the Company in its sole discretion. No interest will be paid to subscribers with respect to payments made to the Company for subscriptions prior to acceptance by the Company of any subscription.

The Company may accept or reject any subscription in whole or in part. If a subscription is not accepted, funds deposited with the Company in connection with the prospective subscription, including any funds held in escrow, will be refunded in full, without interest.

A subscriber will become a Shareholder at the time its subscription is accepted by the Company and the subscriber is accepted as a Shareholder, without regard to the date on which the subscriber submitted its Subscription Agreement to the Company.

PRIVACY POLICY STATEMENT

The Company, the Adviser and the Sub-Adviser collect non-public personal information about investors from information received on subscription documents and other forms and information required in connection with a subscription for Shares and information concerning Shareholders' transactions with the Company.

The Company, the Adviser and the Sub-Adviser will not disclose any non-public personal information relating to current or former investors except in connection with:

- the administration, processing and servicing of Shares;
- services provided to the Company, such as those provided by the Administrator, auditors, tax advisers, legal advisers or other Company service providers;
- banks and other financial institutions, lenders or providers of financing; or
- government agencies, regulatory authorities, courts and the like.

In each such case, the Company's disclosure of any non-public personal information will be subject to customary undertakings of confidentiality.

The Company, the Adviser and the Sub-Adviser restrict access to non-public personal information relating to investors to personnel of the Company, the Adviser and the Sub-Adviser and other personnel who need to know that information in connection with the operation of the Company, including for purposes of complying with anti-money laundering laws and "know your customer" regulations.

The Company maintains physical, electronic and procedural controls in keeping with U.S. federal standards to reasonably safeguard the Company's non-public personal information relating to investors.

APPENDIX A – WESTPORT REAL ESTATE FUNDS PERFORMANCE[8]

The Sub-Adviser's affiliates have managed real estate investment products since 2006 and have extensive real estate development and redevelopment experience across property-types. As of December 31, 2018, the Sub-Adviser's affiliates manage approximately $2.0 billion (net assets and undrawn committed capital) and have returned approximately $1.6 billion to investors via distributions since 2006. The Sub-Adviser's affiliates have an over 12-year record of managing accounts dedicated to holding and investing in real estate.

Westport Real Estate Funds as of Dec 31, 2018[9]	**Vintage**	**Committed**	**Drawn**	**Returned**(1)	**Leverage**(2)	**Gross IRR**(3)	**Net IRR**(4)	**Net Multiple**(5)
WCP Special Core Plus Fund II, L.P.(6)	2019	$77.6	22%	0%	70.68%	16.45%	13.12%	1.08
WCP Special Core Plus Fund, L.P.	2015	$236.7	94%	8%	57.21%	13.33%	9.20%	1.18
WCP NewCold, L.P.(7)	2015	$357.7	90%	0%	32.82%	12.49%	10.10%/9.59%	1.19/1.18
WCP Real Estate Fund IV, L.P. and WCP Real Estate Fund IV (ERISA), L.P.(8)	2014	$314.0	93%	0%	39.50%	12.46%	9.07%	1.18
WCP Real Estate Fund III(B), L.P. and WCP Real Estate Fund III(C), L.P.	2012	$43.7	100%	35%	28.48%	10.36%	7.41%	1.37
WCP Real Estate Fund III, L.P. and WCP Real Estate Fund III(A), L.P.(9)	2011	$571.2	93%	59%	27.88%	13.89%	9.09%	1.41
WCP Real Estate Fund II(B), L.P.	2010	$82.6	100%	128%	29.60%	13.49%	9.09%	1.43
WCP Real Estate Fund II, L.P. and WCP Real Estate Fund II(A), L.P.(10)	2008	$310.0	100%	129%	22.81%	12.55%	8.26%	1.46
WCP Real Estate Fund I, L.P.(11)	2006	$261.9	100%	90%	48.21%	0.62%	-1.36%	0.92

(1) "Returned" is the percentage of the limited partners' committed capital for the applicable fund that has been distributed to such limited partners and is not recallable.

(2) "Leverage" is equal to the total leverage for the fund as of December 31, 2018, divided by the sum of the fund's Gross Asset Value as of December 31, 2018 and the total leverage for the fund as of December 31, 2018.

[8] This Appendix A is an integral part of the Private Placement Memorandum of SkyBridge Opportunity Zone Real Estate Investment Trust, Inc., dated as of February 1, 2019 and is not intended to be distributed separately from such Memorandum.

[9] The returns presented as of December 31, 2018 are unaudited and subject to adjustment pending the completion of the audit for fiscal year 2018.

(3) “Gross IRR” is the IRR before fees for limited partners in the applicable fund and is based on (i) actual cash flows for limited partners in the applicable fund through December 31, 2018, and (ii) a terminal value equal to such limited partners’ capital balance as of December 31, 2018.

(4) “Net IRR” is the IRR after fees for limited partners in the applicable fund and is based on (i) actual cash flows for limited partners in the applicable fund through December 31, 2018, and (ii) a terminal value equal to such limited partners’ capital balance as of December 31, 2018.

(5) “Net Multiple” is the amount equal to (x) the sum of (i) all cash distributed to limited partners in the applicable fund and (ii) the remaining net asset value of the fund, divided by (y) the amount of limited partner committed capital that has been drawn.

(6) WCP Special Core Plus Fund II, L.P. is still in its marketing period and is raising capital.

(7) WCP NewCold, L.P. has two different carried interest fees for its limited partners. For Net IRR and Net Multiple, the first figure represents performance for investors that are paying a reduced carried interest fee. The second figure represents the performance for investors that are paying the standard carried interest fee.

(8) WCP Real Estate Fund IV, L.P. invests in parallel with WCP Real Estate Fund IV (ERISA), L.P. and the two funds have substantially the same investments and cash flows. Performance metrics shown for WCP Real Estate Fund IV, L.P.

(9) WCP Real Estate Fund III(A), L.P. invests in parallel with WCP Real Estate Fund III, L.P. and the two funds have substantially the same investments and cash flows. Performance metrics shown for WCP Real Estate Fund III, L.P.

(10) WCP Real Estate Fund II(A), L.P. invests in parallel with WCP Real Estate Fund II, L.P. and the two funds have substantially the same investments and cash flows. Performance metrics shown for WCP Real Estate Fund II, L.P.

(11) WCP Real Estate Fund I, L.P. invested between 2006 and early 2008 in the period leading up to the Global Financial Crisis.

DISCLAIMER: The performance shown is the past performance of certain closed-end private equity real estate funds (“WCP PE Funds”) managed by WCP Investment Manager, LLC or Westport Capital Partners LLC, which are affiliates of the Sub-Adviser. The performance information shown is not representative of the performance of the Company. While the WCP PE Funds’ performance is in many respects not comparable to the Company, both the Company and the WCP PE Funds are dedicated to holding and investing in real estate. The WCP PE Funds have been managed pursuant to a different investment strategy, focus, liquidity profile, structure and restrictions than the Company. Potential investors should understand the inherent limitations of the performance information shown and will not rely on this performance information in making an investment decision with respect to the Company. Potential investors are encouraged to ask questions and further information is available upon request. Past performance is not indicative of future results.

APPENDIX B – ADVISER'S FORM ADV PART 2A

Item 1: Cover Page

SKYBRIDGE CAPITAL II, LLC

DISCLOSURE BROCHURE

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(212) 485-3100

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November 1, 2018

This brochure provides information about the qualifications and business practices of SkyBridge Capital II, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 485-3100 or mnoble@skybridgecapital.com. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority.

Additional information about SkyBridge Capital II, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

SkyBridge Capital II, LLC is an investment adviser registered with the SEC. Registration with the SEC does not imply a certain level of skill or training.

Item 2: Material Changes

The following are material changes since the last annual update of this brochure on March 31, 2018, as amended on May 4, 2018:

1. Item 9 of this brochure has been amended to disclose disciplinary information relating to a management person.
2. In the fourth quarter of 2018, SkyBridge Capital II, LLC ("SkyBridge") intends to launch the SkyBridge Opportunity Zone Real Estate Investment Trust, Inc. (the "SOZ REIT"), which shall seek to acquire "qualified opportunity zone property" as defined by the Internal Revenue Code. SkyBridge will serve as investment adviser to the SOZ REIT.

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Additional information about SkyBridge, including a full copy of its current brochure, also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 3: Table of Contents

Item 4: Advisory Business

SkyBridge Capital II, LLC ("SkyBridge") is an alternative investment management firm that provides discretionary and non-discretionary investment management and advisory services, together with investment management products, to Clients and Advisory Accountholders (each as defined below). As of September 30, 2018, SkyBridge managed approximately $6.1 billion for Clients on a discretionary basis, and advised on approximately $3.4 billion of Advisory Accountholder assets on a non-discretionary basis.

These services and products offered and managed by SkyBridge include hedge fund investment management and advisory services, custom investment portfolios and commingled products, which consist of (i) "funds-of-funds" (i.e., funds that seek to achieve their investment objective(s) by investing substantially all of their assets in hedge funds managed by third party investment managers) and (ii) direct investment funds (i.e., funds that seek to achieve their investment objective(s) by investing directly in securities and other instruments). These funds (i) are registered under the Investment Company Act of 1940, as amended (the "1940 Act") as open-end or closed-end management investment companies or (ii) rely on an exemption from registration under Section 3 of the 1940 Act. The funds that operate as registered investment companies may be sold to retail investors or may only be offered to qualifying investors, in each case as described in the funds' offering materials and otherwise in compliance with applicable law.

SkyBridge has been providing investment management and advisory services to Clients and Advisory Accountholders since July 2008, including as a result of the assumption of certain investment management and advisory contracts assigned by (i) its affiliate, SkyBridge Capital LLC, as of June 1, 2009 and (ii) Citigroup Alternative Investments LLC ("CAI") as of June 30, 2010, as part of the acquisition by SkyBridge of CAI's Hedge Fund Management group (the "HFM Group"). SkyBridge's predecessor, SkyBridge Capital LLC, began providing investment management and advisory services to Clients and Advisory Accountholders in November 2005. SkyBridge is principally owned by its founder, Anthony Scaramucci..

Funds-of-Funds Business

A significant portion of SkyBridge's Clients are "funds-of-funds", meaning they pursue their investment objective(s) by investing in hedge funds (collectively, "Investment Funds") managed by third-party investment managers (each, an "Investment Manager") identified by SkyBridge using its investment process discussed in greater detail in Item 8 of this brochure. SkyBridge's team of professionals sources Investment Managers and provides investment-support services from its headquarters in New York.

As of the date of this brochure, SkyBridge manages the following "funds-of-funds", certain of which operate as part of a "master-feeder" fund structure: (i) SkyBridge Multi-Adviser Hedge Fund Portfolios LLC; (ii) SkyBridge G II Fund, LLC; (iii) Legion Strategies, Ltd.; (iv) SkyBridge Legion Strategies Unit Trust; (v) SkyBridge Opportunity Fund Ltd.; and (vi) SkyBridge Opportunity Fund, LP (collectively with the SkyBridge IDF Series (defined hereafter), the "SkyBridge Funds-of-Funds"). SkyBridge has been appointed sub-advisor by SALI Fund Management, LLC (the "IDF Investment Manager") with respect to the SkyBridge Multi-Strategy Insurance Fund Series (the "SkyBridge IDF Series") of the SALI Multi-Series Fund LP, a Delaware series limited partnership (the "IDF Partnership"). SkyBridge also provides "fund-of-funds" investment management services to Managed Accounts (as defined below).

Direct Investment Business

SkyBridge may structure investment vehicles and Managed Accounts as direct investment vehicles (in contrast to funds-of-funds), where SkyBridge formulates and executes upon trading and investment advice

in its capacity as investment manager to the vehicle or the Managed Account, using its investment process. This may include the use of sub-investment advisers, as discussed in greater detail in Item 8 of this brochure.

As of the date of this brochure, SkyBridge manages the SkyBridge Dividend Value Fund, a series of FundVantage Trust, an open-end, diversified management investment company registered under the 1940 Act (commonly referred to as a "mutual fund" and, together with the SkyBridge Funds-of-Funds, the "SkyBridge Funds"). The SkyBridge Dividend Value Fund is referred to as a "1940 Act Fund" in this brochure along with SkyBridge Multi-Adviser Hedge Fund Portfolios LLC and SkyBridge G II Fund, LLC, each of which operates as a closed-end management investment company registered under the 1940 Act.

Affiliates of SkyBridge may act as the general partner or managing member of those SkyBridge Funds structured as limited partnerships or limited liability companies. Certain SkyBridge Funds structured as corporations or series of an investment trust are managed by a board of directors/trustees composed of a majority of or exclusively persons not affiliated with SkyBridge. Each of the 1940 Act Funds has a board of directors/trustees composed of at least a majority of "non-interested persons" (as defined in the 1940 Act) of such 1940 Act Fund.

SkyBridge also currently serves as Portfolio Consultant to First Trust Portfolios L.P. and First Trust Advisors L.P. (collectively, "First Trust") in connection with the SkyBridge Core Dividend Strategy Series (the "Trust"). First Trust registered the Trust with the SEC as a unit investment trust under the 1940 Act, for which First Trust Portfolios L.P. serves as Sponsor and First Trust Advisors L.P. serves as Evaluator.

Managed Account Business; Non-Discretionary Services

SkyBridge also manages several separately managed accounts ("Managed Accounts" and, together with the SkyBridge Funds, the "Clients"), which management may be on behalf of institutions and high net worth individuals, including through a corporate ownership structure. Managed Accounts may employ SkyBridge's "fund-of-funds" strategy or may be structured to make direct investments.

SkyBridge also provides non-discretionary investment advisory services to select institutions (each, an "Advisory Accountholder"), currently consisting of a plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). Such non-discretionary investment advice provided by SkyBridge may be with respect to direct investments or investments in Investment Funds.

Item 5: Fees and Compensation

SkyBridge offers discretionary and non-discretionary investment management and advisory services for a percentage of assets under management, a fixed fee or fees based on performance as described below and in Item 6. For SkyBridge Funds that are not 1940 Act Funds, fees and minimum investment requirements may be waived, reduced or calculated differently with respect to investors at the sole discretion of SkyBridge (or the general partner of the IDF Partnership in the case of the SkyBridge IDF Fund), as permitted by the SkyBridge Fund's offering documentation. For SkyBridge Funds that are 1940 Act Funds, no management fee or minimum initial investment requirements may be waived, reduced or calculated differently.

With the Managed Accounts, fees may differ based upon a number of factors, including without limitation, account complexity and size, assets under management and requested commercial terms which are subject to negotiation.

As among the SkyBridge Funds, fees differ based upon a number of factors, including the nature of the fund (1940 Act Funds have limitations on the types of fees that may be charged) and the trading strategy. Further, complexity and investor demand are key drivers of SkyBridge's fees and compensation for its management of the SkyBridge Funds.

SkyBridge may in the future charge other types of fees and use different fee structures, including variations of performance or incentive fees and allocations.

Investment Management Fees

The SkyBridge Funds pay SkyBridge management fees based on assets under management and, for certain SkyBridge Funds and Managed Accounts, an additional performance fee or allocation determined as a percentage of profits, with performance fees or allocations subject to a "high water mark". Investors in the SkyBridge Funds bear their pro rata portions of such fees and allocations, which are non-negotiable. In certain cases, SkyBridge may agree to waive part or all of the asset-based fee and/or reimburse the SkyBridge Fund, to the extent necessary to prevent the SkyBridge Fund's ordinary expenses from exceeding an agreed amount. The amounts of such fees and allocations are described in detail in the offering documents for each SkyBridge Fund, and investors or potential investors should review those materials carefully when making their investment decisions.

- Funds-of-Funds. Management fees payable by the SkyBridge Funds-of-Funds generally range from 0.75% to 1.5% per annum of assets under management and from 0% to 10% of profits in respect of performance fees or allocations. The "Founders Class" Interest of the SkyBridge IDF Series, which applies until $25 million in subscriptions are received by the fund, charges a 0.50% per annum management fee, although investors subscribing to the SkyBridge IDF Series as of September 1, 2016 or dates prior pay reduced management fees in the amount of 0.25% per annum.

- Direct Investment Funds. Management fees payable by the SkyBridge Funds structured as direct investment funds would generally range from 0.75% to 2% per annum of assets under management in respect of the asset-based fees and, if applicable, 15% to 20% of profits in respect of any performance fees or allocations.

- Managed Accounts. Management fees payable by Managed Accounts are based on assets under management and, for certain Managed Accounts, an additional performance fee determined as a percentage of profits. The amount of such fees are set forth in the investment advisory agreements

for the Managed Accounts, and currently range from 0.75% to 1.5% per annum of assets under management in respect of the asset-based fees, and from 0% to 10% of profits in respect of performance fees.

With respect to both SkyBridge Funds and Managed Accounts, management fees are typically billed monthly or quarterly in arrears based on the amount of assets under management. In the case of SkyBridge Funds, such amounts are paid indirectly by investors on a pro rata basis as a Fund expense. Fees will be prorated for any beginning or ending period of a contract that is less than a full billing period. An initial fee will be calculated as of the date that SkyBridge accepts an individual Client agreement between a Managed Account and SkyBridge (a "Client Agreement") or enters into an investment management or advisory agreement with a SkyBridge Fund. This initial fee will cover the period from the date on which the agreement is entered into until the last day of the initial billing period. The monthly or quarterly fees will be billed to each Client as they become due and payable.

In connection with SkyBridge's acquisition of the HFM Group in 2010, SkyBridge agreed to continue to provide non-discretionary investment advisory services to a current Advisory Accountholder previously advised by and/or affiliated with CAI. For those services, SkyBridge receives a negotiated flat fee, varying based on assets under management of the Advisory Accountholder, among other factors, and paid quarterly in advance. Should SkyBridge provide non-discretionary investment advisory services to an Advisory Accountholder not previously advised by and/or affiliated with CAI, its fee would typically be based on the Advisory Accountholder's assets under management. SkyBridge currently expects that fee to range from 0.10% to 0.75% per annum, although such fees would be negotiable in individual cases. An Advisory Accountholder's investment advisory agreement may be renewed by agreement of both parties.

If a Client Agreement or investment management or advisory agreement with a SkyBridge Fund or Advisory Accountholder is terminated by the Client, SkyBridge will typically be entitled to fees earned through the effective date of termination, or such longer period as may be agreed by the parties, and will provide the Client or Advisory Accountholder with a refund, if any, of any additional fees paid in advance. Refunds are typically based on the number of days remaining in the calendar quarter after the date upon which notice of termination is received by SkyBridge, the Client or the Advisory Accountholder, as applicable.

Other Fees

Custodians (including banks or registered broker-dealers) will be used to facilitate the management of Client assets. Please refer to Item 15 of this brochure for additional information about custody of Client assets. The cost of these services is not included in the management fees described above. Clients, directly in the case of Managed Accounts and indirectly in the form of Fund expenses in the case of SkyBridge Funds, will be responsible for paying any such additional costs charged by custodians. The management fees charged by SkyBridge also do not include the amount of any costs, expenses or commissions that a broker or dealer may charge in connection with transactions executed on behalf of Client accounts (see Item 12 below).

In addition, a custodian or registered broker may impose certain costs or charges associated with servicing Client accounts, such as margin interest, costs relating to exchanging foreign currencies, odd lot differentials, regulatory fees (e.g., fees charged by the Securities and Exchange Commission ("SEC")) transfer taxes, exchange fees, wire transfer fees, postage fees, auction fees, foreign clearing, settlement and custodial fees, and other fees or taxes required by law.

SkyBridge Funds, including SkyBridge Funds-of-Funds, also bear other fees and expenses including but not limited to: administration, research, accounting and tax, audit, broker, legal, risk aggregation software and regulatory compliance. Investors in the Funds are requested to refer to the applicable funds' prospectus or offering documents for complete information on other fees and expenses. When certain Client and Advisory Accountholder expenses are incurred in common, SkyBridge attempts to allocate such expenses in a fair and equitable manner. Typically, an expense item is allocated equally among Clients and Advisory Accountholders benefiting from such expense item and at times the allocation decision will reflect judgments on the part of SkyBridge. Certain expenses may be absorbed by SkyBridge depending on the Client or Advisory Accountholder's agreement with SkyBridge or at SkyBridge's discretion across all accounts. While an allocation can have the effect of reducing expenses that a Client or Advisory Accountholder might otherwise be required to pay in full, it may also result in differences in the relative cost and benefits across accounts.

SkyBridge's management fees also do not cover "mark-ups" and "mark-downs" that broker-dealers may receive, "dealer spreads" that broker-dealers may receive when acting as principal in certain transactions, the amount of any annual retirement plan fees or the fees and expenses a Client may incur as a shareholder of, or investor in, an Investment Fund. Fees for each Investment Fund are described in detail in the Investment Fund's offering materials.

Item 6: Performance-Based Fees and Side-By-Side Management

Currently, all SkyBridge Funds and Managed Accounts are charged by SkyBridge a combination of asset-based and, in certain cases, performance fees or allocations which may be subject to waiver at SkyBridge's discretion, while for the non-discretionary account of the Advisory Accountholder, SkyBridge receives a negotiated flat fee. Any performance fees charged by SkyBridge will comply with the requirements of Section 205 of the Investment Advisers Act of 1940, as amended (the "Advisers Act") and the applicable rules thereunder. SkyBridge may, in the future, charge other types of fees and use different fee structures.

Potential conflicts of interest may arise from SkyBridge's management of SkyBridge Funds, Managed Accounts and other accounts. For example, conflicts of interest may arise with the allocation of limited investment opportunities. Allocations of limited investment opportunities could raise a potential conflict of interest to the extent that SkyBridge may have an incentive to allocate investments that are expected to increase in value to preferred accounts, including accounts with higher fee structures or performance-based fees or accounts that have been underperforming in an investment strategy. SkyBridge personnel manage, at the same time, one or more SkyBridge Funds and/or Managed Accounts. Such side-by-side management may result in certain portfolio managers devoting unequal time or attention to the management of one Client over another. Potential conflicts of interest also could manifest in the form of inappropriate recommendations to or investments in certain accounts because SkyBridge hopes the Client will invest additional assets or a reluctance by SkyBridge to mark down fair valued/illiquid securities to avoid either a decline in performance or an increase in performance volatility, which, in each case, could make a Managed Account or SkyBridge Fund potentially less attractive to existing and prospective investors.

The SkyBridge portfolio managers advise both 1940 Act Funds and private SkyBridge Funds that are exempt from registration under the 1940 Act and Managed Accounts. There are various potential conflicts of interest issues that could arise as a result. For example, the 1940 Act Funds and the private SkyBridge Funds and Managed Accounts may hold inconsistent positions, have different liquidity needs and have different fee structures. Further, investment constraints imposed upon 1940 Act Funds, such as affiliation rules under the 1940 Act, may limit SkyBridge's ability to engage in transactions on behalf of private SkyBridge Funds and Managed Accounts, or may otherwise affect the terms of such transactions, and returns may be negatively impacted as a result. For example, SkyBridge is limited in the amount of aggregate exposure to an underlying Investment Fund across Clients when a SkyBridge 1940 Act Fund is invested in such Investment Fund. Further, SkyBridge intends to waive voting rights that its private SkyBridge Fund would otherwise have in an underlying Investment Fund if a SkyBridge 1940 Act Fund is also invested in such fund. Voting rights may be waived at the inception of the investment or at a subsequent date. Further, SkyBridge Funds have different redemption provisions which may result in investors in one such fund redeeming at a time when investors in another such fund are subject to restrictions on redemption.

SkyBridge has policies and procedures in place to address and mitigate these conflicts. SkyBridge seeks to allocate investment opportunities to its Clients, and otherwise to treat all of its Clients and Advisory Accountholders, in a manner that is fair and equitable to all Clients and Advisory Accountholders. SkyBridge has adopted policies and procedures that address parameters to be considered in allocating investment opportunities and SkyBridge's personnel who provide investment advice and other services to Clients and Advisory Accountholders. SkyBridge has an allocation policy which is designed to treat all Clients fairly with regard to the allocation of investment opportunities. In allocating investment opportunities, SkyBridge often considers a variety of factors in determining the fairness of any allocation. SkyBridge will typically consider whether the underlying fund investment opportunity is scarce or not and, if so, will seek to allocate the opportunity appropriately. SkyBridge also considers whether the underlying fund investment opportunity is closed to "new investors" by the underlying fund manager and

any other restrictions imposed by an underlying fund or investment. SkyBridge also considers the type of client (i.e. 1940 Act Fund, private SkyBridge Fund or Managed Account), Client target allocations and inception dates (and potentially different underlying fund lock up periods), cash flows and available cash, liquidity, investment objectives and restrictions (which may include manager and strategy investment limits), risk tolerances and past allocation decisions. SkyBridge's policy prohibits any allocation of trades in a manner that any particular Client or group of Clients would receive more favorable treatment over time than any other Client or that any proprietary account would receive more favorable treatment over time than a Client account. Notwithstanding efforts on the part of SkyBridge to assure equitable treatment over time, individual allocation decisions can be expected to have varying outcomes.

SkyBridge's Portfolio Allocation Committee meets regularly to review allocation decisions and to determine their consistency with SkyBridge's policies and procedures. All investment decisions are also subject to periodic review by SkyBridge's Chief Compliance Officer ("CCO").

Mr. Scaramucci, founder of the Investment Manager, regularly appears as a knowledgeable market participant on various television programs, as do other SkyBridge employees. Those appearances could create potential or perceived conflicts of interest. For example, SkyBridge personnel may discuss individual equity positions while discussing the financial markets and Clients may or may not have indirect exposure to these positions through the Investment Funds.

Item 7: Types of Clients

SkyBridge provides (i) discretionary investment advice to SkyBridge Funds and Managed Accounts, which are established by institutions and high net worth individual investors, and (ii) non-discretionary investment advice to select institutional Advisory Accountholders, including, in both cases, ERISA accounts. In the case of the SkyBridge IDF Series, clients are insurance companies on behalf of certain of their segregated separate accounts that fund variable life insurance and variable annuity contracts to be issued to policy owners by the insurance company investor.

Except as noted below, SkyBridge Funds generally require minimum investments that range from $25,000 to $25 million depending upon the SkyBridge Fund and series of shares, while SkyBridge typically requires that Managed Accounts have a minimum capital investment of $15 million. The minimum initial investment for SkyBridge Dividend Value Fund, which is offered to retail investors, is $100 for individual retirement accounts and $1,000 for regular accounts.

Fees and minimum investment requirements for certain of the SkyBridge Funds and share series within SkyBridge Funds may be waived, reduced or calculated differently with respect to investors at the sole discretion of SkyBridge (or the general partner of the IDF Partnership in the case of the SkyBridge IDF Fund), as permitted by the SkyBridge Fund’s offering documentation.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Funds-of-Funds Strategy

SkyBridge evaluates Investment Managers based on qualitative and quantitative factors to seek to identify Investment Managers that have shown the ability to generate consistent skill-based returns (alpha) over time, while showing the ability to preserve capital by controlling draw-downs. SkyBridge initially assesses an Investment Manager through a combination of discussions, reviews of materials provided by the Investment Manager and on-site visits to the Investment Manager's place of business. Once an Investment Manager has successfully passed the initial assessment, SkyBridge conducts a comprehensive due diligence review of the Investment Manager, which includes the following components:

- Investment Analysis. SkyBridge combines qualitative and quantitative analyses intended to develop an understanding of an Investment Manager's ability to generate returns. These analyses focus on an Investment Manager's investment team, investment process, risk management and performance. An Investment Manager's performance track record is examined for consistency and draw-down (i.e., loss) control versus a peer group of Investment Funds. In doing so, SkyBridge analyzes the Investment Manager's historical performance returns including its historical distribution of returns and draw-downs and relevant risk ratios and metrics.

- Operational and Business Risk Analysis. SkyBridge's operational risk team employs a disciplined process intended to assess an Investment Manager's ability to operate efficiently. The key components of this analysis include, but are not limited to, a review of key principals, organizational structure and terms of Investment Funds, mid/back office operations, valuation process, accounting practices, internal controls and procedures, disaster recovery plan and anti-money laundering policies.

- Risk Management. Risk management considerations are integrated into the investment management process, including quantitative analyses of risk exposures (by reference to geographic concentrations, exposure breakdowns, correlation analysis, value at risk, beta and liquidity analyses) and risk scenarios (including a scenario and sensitivity analyses and stress testing). The Head of Risk Management has veto power of the Manager Selection and Portfolio Allocation Committees.

SkyBridge has access to a number of hedge fund databases as well as market information sources. In addition, SkyBridge has an active research program with internal analysts who specialize in various strategies. Specific sources for new Investment Managers include industry contacts, referrals from existing Investment Managers, third-party databases, direct solicitations by Investment Managers and third-party marketing firms, and introductions from prime brokers and industry conferences. SkyBridge receives information from a large number of Investment Funds each year. SkyBridge meets with a diversified cross-section of these Investment Funds each year, but allocates assets to only a fraction of them. SkyBridge continually looks to add to the pool of eligible Investment Funds that meet its due diligence requirements. This allows SkyBridge to rank and compare fund peers, which helps to facilitate the replacement of under-performing Investment Managers as well as identify attractive alternatives and new strategies.

SkyBridge selects opportunistically from a wide range of Investment Funds in order to create a portfolio of such Investment Funds while seeking to identify attractive investment strategies and Investment Managers.

SkyBridge does not generally seek to invest Client assets according to pre-determined allocations. SkyBridge generally allocates assets to Investment Funds following a wide variety of investment strategies, resulting in an asset mix held by Investment Funds that may from time to time include, without limitation, currencies, commodity futures and options, non-U.S. dollar denominated instruments, short-term instruments (including U.S. Treasury securities and certificates of deposit), sovereign debt, public and privately placed (unlisted) equity, equity-related and debt securities of U.S. and non-U.S. corporations, and investments in other investment funds.

Once an Investment Manager has been added to the portfolio of a SkyBridge Fund or Managed Account, the terms of the investment will generally require that the Investment Manager provide SkyBridge with periodic reports and other information that will allow SkyBridge to monitor, among other things, the Investment Manager's compliance with investment guidelines and adherence to style parameters, and certain risk metrics associated with the Investment Fund's portfolio. To the extent investment guidelines are agreed with a SkyBridge Fund, any breach, including the incurrence of unacceptable levels of risk based upon the expectations of SkyBridge, will result in action being taken by SkyBridge. Depending upon the severity of the breach or other issues or concerns, SkyBridge's actions will range from the initiation of a discussion with the Investment Manager to the withdrawal of the SkyBridge Fund's investment capital, subject to lock-up provisions and early exit rights. Poor performance or lagging infrastructure may result in similar actions.

SkyBridge's personnel have experience and expertise with alternative investment strategies and Investment Managers and have evaluated numerous Investment Funds representing many categories of alternative investments, utilizing various investment strategies. They also have extensive experience in directly managing alternative investment strategies. SkyBridge believes that this combination of evaluation expertise and direct investment experience enables it to understand the opportunities and risks associated with investing in the Investment Funds.

Subject to limitations imposed by a SkyBridge Fund's offering materials (and, for the 1940 Act Funds, the asset coverage requirements of the 1940 Act), SkyBridge may employ leverage in order to fund repurchases of the SkyBridge Fund shares or for other purposes. This is in addition to the leverage used by individual Investment Funds in which the SkyBridge Fund invests. Leverage, whether employed by a SkyBridge Fund or by the underlying Investment Funds, has the effect of increasing returns or losses, as well as volatility. SkyBridge may increase or decrease the degree of leverage employed by a SkyBridge Fund at any time, but will have no control over leverage employed by an Investment Fund other than with respect to any predetermined leverage limits that may have been agreed to by the Investment Fund.

Direct Investment Strategy

As of the date of this brochure, the only SkyBridge Fund that employs a direct investment strategy is the SkyBridge Dividend Value Fund. This fund pursues its investment objective by investing, under normal circumstances, at least 80% of its net assets in dividend yielding equity securities. SkyBridge selects securities annually using a rules-based process seeking to surface profitable, attractively valued securities with appealing dividend yields. Between these annual reconstitutions, SkyBridge employs a "buy and hold" strategy, except under certain circumstances determined at the discretion of the fund's portfolio manager. Investors and potential investors in SkyBridge Dividend Value Fund should refer to the fund's prospectus and statement of additional information, which are available on the SEC's website (www.sec.gov) for additional information about the fund's investment objective, investment strategies and investment risks.

As a matter of policy and practice, for any Client that employs a direct investment strategy, SkyBridge's investment decision-making process generally involves thorough fundamental research regarding a

prospective investment. SkyBridge makes reasonable inquiry into each Client's financial situation, investment experience, investment objectives and tolerance for risk. SkyBridge conducts a reasonable amount of due diligence prior to purchasing or selling any security, and the amount of diligence generally will increase with the complexity and uniqueness of the security. SkyBridge may determine that it is advisable to retain an affiliated or unaffiliated investment manager to act as a sub-adviser for a Client's account. In this event, SkyBridge is responsible for conducting adequate due diligence to confirm that any sub-adviser has the necessary qualifications and experience to carry out its responsibilities under the proposed sub-advisory agreement. SkyBridge is responsible for confirming that any sub-adviser is aware of any investment instructions or restrictions, suitability requirements, or applicable SkyBridge Fund documents. After any sub-adviser is retained, SkyBridge must periodically (but no less frequently than annually) review the performance and continued qualification of the sub-adviser to determine whether or not the investment manager should continue to act in a sub-advisory capacity.

On a periodic basis, the portfolio manager responsible for a Client employing a direct investment strategy will review the Client's investments for consistency with its stated investment strategies, objectives, guidelines and risk. SkyBridge endeavors to prevent "style drift," or the pursuit of strategies outside those contemplated by the offering materials or Client Agreement. It should be noted that style drift can occur intentionally by purchasing securities outside of stated strategies or guidelines or unintentionally through redemptions, illiquidity or other market factors. The subsequent investment monitoring and asset management processes, which are designed to ensure the timely and successful execution of the investment strategy, involve periodic reviews of valuation parameters, investment performance, and disposition opportunities.

Material Risks of SkyBridge's Investment Strategies

Investments made in the SkyBridge Funds, or by Managed Accounts or Advisory Accountholders, involve significant risks. Prospective investors in a SkyBridge Fund or Managed Account and Advisory Accountholders should carefully consider, among other factors, the risks described below. Such risk factors are not meant to be an exhaustive listing of all potential risks associated with these investments and not all risks may be applicable to your investment. Prospective investors in a SkyBridge Fund or Managed Account and Advisory Accountholders should carefully review relevant offering and governing documents and any other documents received prior to making an investment, and pay particular attention to the risk factors contained within those documents. Investors in a SkyBridge Funds-of-Funds should pay particular attention to the risks associated with investing in Investment Funds, which employ a broad range of strategies and are subject to a broad range of risks, as more fully described in the offering materials for the SkyBridge Funds-of-Funds.

Clients and Advisory Accountholders should have the financial ability and willingness to accept the risk characteristics of their particular investments. There can be no assurance that SkyBridge will be able to achieve its Clients' or Advisory Accountholders' investment objectives or that SkyBridge Fund investors, Managed Accounts or Advisory Accountholders will receive a return of their capital. Investing involves significant risks, including the potential loss of the entire investment. Risks include, but are not limited to, the following:

- <u>Limited Number of Investments; Lack of Diversification</u>. Certain SkyBridge Funds and Managed Accounts may be more concentrated and less diversified than other funds or accounts, and may have a greater concentration in one or more investment styles than other funds or accounts.

- <u>Availability of and Ability to Acquire Suitable Investments</u>. There can be no assurance that investment opportunities will be available for one or more SkyBridge Funds, Managed Accounts

or Advisory Accountholders with similar investment criteria, or that available investments will meet a SkyBridge Fund's, Managed Account's or Advisory Accountholder's particular investment criteria.

- Illiquidity. Clients and Advisory Accountholders must be able to accept the risks associated with investing in illiquid securities, including that it may not be possible to sell such securities at the most opportune times or at prices approximating the value at which they were purchased.

- Leverage. In instances where SkyBridge believes that the use of leverage should enable a SkyBridge Fund to achieve a higher rate of return, SkyBridge may decide to use leverage, consistent with the 1940 Act, as applicable. Accordingly, the SkyBridge Fund may pledge its securities in order to borrow additional funds for investment purposes. Certain SkyBridge Funds may also leverage investment returns through the use of options, short sales, swaps, forwards and other derivative instruments, including futures contracts. The amount of borrowings that a SkyBridge Fund may have outstanding at any time may be substantial in relation to its total capital. While leverage presents opportunities for increasing total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by a SkyBridge Fund would be magnified to the extent of its leverage. The cumulative effect of the use of leverage in a market that moves adversely could result in a substantial loss to a SkyBridge Fund employing leverage which would be greater than if it were not leveraged.

- Performance Fees Payable to Portfolio Managers. SkyBridge may be paid an incentive fee or allocation based on the positive performance of a SkyBridge Fund or Managed Account, calculated on a basis that includes unrealized gains. Incentive fees or allocations may provide SkyBridge with incentives to incur additional investment risk and to invest in more speculative instruments than it would in the absence of such incentive arrangements.

- Layering of Fees in Funds-of-Funds. Investment Fund fees are in addition to fees payable to SkyBridge by Clients (including indirectly by investors in the SkyBridge Fund-of-Funds). An investor who meets the eligibility conditions imposed by the Investment Funds could invest directly in the Investment Funds. By investing in the Investment Funds indirectly through a SkyBridge Fund-of-Funds or a Managed Account, an investor bears a proportionate part of the asset-based fees and other expenses paid to SkyBridge and other expenses of the SkyBridge Fund-of-Funds or Managed Account, and also indirectly bears a portion of the asset-based fees, performance compensation and other expenses borne by the SkyBridge Fund-of-Funds or Managed Account as an investor in the Investment Funds.

- Portfolio Valuation. Valuations of assets held by the SkyBridge Funds and Managed Accounts, as well as in the accounts of Advisory Accountholders, may involve uncertainties and the exercise of judgment and discretion on the part of SkyBridge.

- Early-Stage Managers. Early-stage Investment Managers may not have substantial experience in operating Investment Funds and do not have significant track records.

- Management Risk. SkyBridge may not be successful in selecting the best-performing Investment Funds, other investments or investment techniques, and a SkyBridge Fund's performance may lag behind that of similar funds. SkyBridge may also miss out on an investment opportunity because the assets necessary to take advantage of the opportunity are tied up in less advantageous Investment Funds or other investments.

- Equity Securities and Market Risks. Investment Funds and certain SkyBridge Funds may invest predominantly in equity securities and equity linked securities of issuers listed and traded on organized exchanges. The price of equity securities fluctuates based on many factors including the historical and prospective earnings of an issuer, the value of its assets, changes in the issuer's financial condition, overall market and economic conditions, interest rates, investor perceptions and market liquidity. Stock markets also are volatile and the market value of a security may, sometimes rapidly and unpredictably, fluctuate. As a result, an Investment Fund or SkyBridge Fund may suffer losses if it invests in equity securities of issuers whose performance diverges from expectations or if equity markets generally move in a single direction and the Investment Fund or SkyBridge Fund has not hedged against such a general move. In addition, stocks of smaller- and mid-capitalization companies may be subject to more abrupt or erratic market movements than stocks of larger, more established companies. Small capitalization companies may have limited product lines or financial resources, or may be dependent upon a small or inexperienced management group, and their securities may trade less frequently and in lower volume than the securities of larger companies, which could lead to higher transaction costs. Generally the smaller the company size, the greater the risk.

- Derivative Instruments. Investment Funds and certain SkyBridge Funds may utilize derivative instruments which seek to modify or replicate the investment performance of particular securities, commodities, currencies, interest rates, indices or markets. Derivatives can be volatile and involve various types and degrees of risk, depending upon the characteristics of a particular derivative and the Client's portfolio as a whole. Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large potential effect on performance of the relevant portfolio. A portfolio also could experience losses if derivatives are poorly correlated with its other investments, or if the market for the derivative instrument is, or suddenly becomes, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives.

- Hedging Transactions. Investment Funds and certain SkyBridge Funds may utilize financial instruments, both for investment purposes and for risk management purposes in order to, among other things, protect against possible changes in the market value of its investment portfolio resulting from fluctuations in the securities markets and changes in interest rates and protect unrealized gains in the value of its investment portfolio. Such funds also may seek to hedge against price fluctuations between the underlying assets and their shares/units by using foreign exchange forward, futures or other derivative contracts. Although SkyBridge will attempt to minimize such currency risks, some unhedged foreign currency exposure will occur. The success of hedging strategies are subject to the Investment Fund's and SkyBridge's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of any hedging strategy will also be subject to the Investment Fund's and SkyBridge's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. While an Investment Fund or SkyBridge Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance than if it had not engaged in any such hedging transactions. For a variety of reasons (e.g., cost and probability of occurrence of risk), such fund may not hedge against particular risks or may not establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. An imperfect correlation may prevent the fund from achieving the intended hedge, and failure to hedge or an imperfect hedge may expose the fund to risk of loss. Any reserves and/or margin posting obligations necessary or appropriate in connection with hedging arrangements also will reduce the amount of capital available for investment. There

can be no assurances that such hedging transactions will be available or practicable in all cases or that they will be effective.

- Operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cyber security breaches. Cyber security attacks affecting SkyBridge and other third party service providers may adversely impact our clients. For instance, cyber-attacks may interfere with the processing of client transactions, impact the ability to calculate the value of client assets in a timely manner, cause the release of private client information or other confidential information, impede trading, subject SkyBridge and our service providers to regulatory fines or financial losses, and cause reputational damage. Similar types of cyber security risks are also present for Investment Funds and other market participants, which may have material adverse consequences for clients, and may cause a client's investment to lose value. SkyBridge and its service providers may incur additional costs relating to cyber security preparations, and such preparations, though taken in good faith, may be inadequate. Cyber-attacks are viewed as an emerging risk and the scope of the risk and related mitigation techniques are not yet fully understood and are subject to continuing change.

SkyBridge IDF Series Risks

The SkyBridge IDF Series has unique risks related to the tax treatment of the underlying insurance policy funds invested indirectly in the SkyBridge IDF Series, including with respect to diversification under various Internal Revenue Code and US Treasury Department regulations and the investor control doctrine, as set forth in greater detail in the offering memorandum for the SkyBridge IDF Series.

Item 9: Disciplinary Information

Effective November 1, 2018, Brett S. Messing became the President of SkyBridge. On March 16, 2010, Mr. Messing and GPS Partners, LLC ("GPS"), a limited liability company for which he previously served as managing partner, were named in an order issued by the SEC instituting administrative cease-and-desist proceedings (Administrative Proceeding File No. 3-13818) (the "Order"). The Order alleged that in 2006 and 2007, GPS and Mr. Messing engaged in six transactions that violated Rule 105 of Regulation M under the Securities Exchange Act of 1934 (the "Exchange Act"), which imposes certain restrictions on short selling in connection with a public offering. The Order censured GPS and Mr. Messing and required them to cease and desist from committing or causing further violations of Rule 105. The Order further required GPS and Mr. Messing, jointly and severally, to pay disgorgement of $1,151,271, prejudgment interest of $132,900 and a civil monetary penalty in the amount of $575,635. GPS and Mr. Messing consented to the entry of the Order without admitting or denying the findings therein. The disgorgement, prejudgment interest and civil monetary penalty were paid to the SEC on March 25, 2010. Mr. Messing has complied with and satisfied the terms and conditions of the Order.

Item 10: Other Financial Industry Activities and Affiliations

SkyBridge uses the services of Hastings Capital Group, LLC ("Hastings"), an affiliated broker-dealer duly registered pursuant to the Exchange Act and a member in good standing of the Financial Industry Regulatory Authority, which is primarily owned by Anthony Scaramucci but operated separately from SkyBridge, principally to facilitate the distribution of the two closed-end 1940 Act Funds, SkyBridge Multi-Adviser Hedge Fund Portfolios LLC and SkyBridge G II Fund, LLC. As such, Hastings has been appointed to serve as the principal underwriter to such funds with authority to sell shares directly and to appoint third party placement agents to assist it in selling shares of those funds on a "reasonable best efforts" basis.

SkyBridge may also use the services of Hastings to facilitate the distribution of other SkyBridge Funds, including those that are generally offered on a "best efforts" basis. Hastings will receive from SkyBridge and/or the SkyBridge Funds customary fees based upon the nature and extent of the services provided and will be indemnified by, and will indemnify, the relevant counterparty on customary terms with respect to its services. Messrs. Scaramucci and Nolte are registered representatives of Hastings together with certain other members of the SkyBridge portfolio management team and other employees of SkyBridge.

As noted in Item 4, affiliates of SkyBridge act as the general partner or managing member of certain SkyBridge Funds structured as limited partnerships or limited liability companies and, as such, may have an economic interest in the performance of those SkyBridge Funds. SkyBridge's affiliates (which are controlled by certain SkyBridge personnel) having an economic interest in the performance of a SkyBridge Fund could cause SkyBridge to make investment decisions that are different than would be made in the absence of such an interest.

Each of Challenger Financial Services Group Ltd., a financial services company listed on the Australian Stock Exchange ("Challenger"), and RON Transatlantic Offshore Ltd. ("RON Transatlantic"), a diversified holding company with interests in various sectors, is a minority equity interest holder in SkyBridge and certain SkyBridge affiliates, which entitles them to certain beneficial rights not available to Clients or Advisory Accountholders generally, including information rights with respect to their investments in SkyBridge.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

SkyBridge has instituted policies and procedures designed to (i) avoid or resolve possible conflicts of interest that may arise in certain situations, and (ii) monitor the personal trading activities of SkyBridge's employees and certain members of their immediate families. These policies and procedures are embodied in SkyBridge's Code of Ethics and are intended to comply with the requirements of Rule 204A-1 under the Advisers Act, for all Clients and Advisory Accountholders, and Rule 17j-1 under the 1940 Act for the 1940 Act Funds. They include the appointment of a CCO, the adoption of insider trading policies, the requirement that certain securities transactions (including, in particular, transactions in initial public offerings and private placements and limited offerings such as investments in hedge funds) be pre-cleared by the CCO, the institution of buy-and-hold policies for equity securities, and the requirement that all "Access Persons" report their personal securities transactions to the CCO in accordance with Rule 204A-1.

"Access Persons" include all of SkyBridge's directors and officers, as well as any persons supervised by SkyBridge who (i) have access to nonpublic information regarding the purchase or sale of securities by a Client or Advisory Accountholder, (ii) are involved in making securities recommendations to Clients or Advisory Accountholders, or (iii) have access to such recommendations that are non-public. Under SkyBridge's Code of Ethics, all managing members, officers and employees of SkyBridge are deemed both Access Persons and supervised persons for purposes of Rule 204A-1.

The Code of Ethics sets forth a standard of business conduct that takes into account SkyBridge's status as a fiduciary and requires Access Persons to place the interests of Clients and Advisory Accountholders above their own interests and the interests of SkyBridge. Access Persons must not take any inappropriate advantage of their positions. The Code of Ethics requires Access Persons to comply with applicable Federal securities laws. Further, Access Persons are required to promptly bring violations of the Code of Ethics to the attention of the CCO. All Access Persons are provided with a copy of the Code of Ethics and are required to acknowledge receipt of the Code of Ethics upon hire and on at least an annual basis thereafter.

As described in Items 4 and 10, generally, affiliates of SkyBridge act as the general partner or managing member of certain SkyBridge Funds structured as limited partnerships or limited liability companies and as such have an economic interest in the performance of those SkyBridge Funds. In addition, Access Persons may invest in the SkyBridge Funds. Access Persons may also invest directly in the Investment Funds in which one or more SkyBridge Funds invest upon approval from the CCO. To the extent that SkyBridge's affiliates (and therefore certain Access Persons) have financial ownership interests in a SkyBridge Fund, a potential conflict could be created in that it could cause SkyBridge to make different investment decisions than if such parties did not have such financial ownership interests. Further, potential conflicts may arise due to SkyBridge's affiliates and Access Persons having investments in some SkyBridge Funds or Investment Funds that are greater than their investments in other SkyBridge Funds or Investments Funds. SkyBridge addresses such potential conflicts by the regular account reviews described in Item 13, as well as the personal securities transaction pre-clearance and reporting requirements covered by the Code of Ethics.

In addition, Access Persons may purchase or sell individual securities that a SkyBridge Fund or a Managed Account may purchase or sell. This presents a potential conflict in that Access Persons could make improper use of Client information for their own benefit. SkyBridge addresses this potential conflict through its internal policies and procedures, which prohibit front-running and other improper uses of information, and through regular monitoring of Access Person personal account transactions and trading patterns for potential conflicts of interest. Further, Access Persons may take actions for their personal accounts that differ from or conflict with actions taken for Client accounts, and these actions may impact the price or availability of securities to Clients.

Each Access Person is required to provide the CCO with confirmations, account statements, quarterly transaction reports and annual holdings reports with respect to all personal securities transactions. The CCO monitors these transactions for conflicts of interest and seeks to ensure strict adherence to the Code of Ethics.

A copy of SkyBridge's Code of Ethics is available to any Client, Advisory Accountholder or prospective client upon request.

Item 12: Brokerage Practices

As an investment advisory firm, SkyBridge has a fiduciary and fundamental duty to seek best execution for Client transactions. SkyBridge, as a matter of policy and practice, seeks to obtain best execution for Client transactions (i.e., seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances). This applies to the purchase of limited partnership interests or other securities by Clients. With respect to SkyBridge's fund-of-funds business, because interests in Investment Funds are purchased directly from the Investment Fund at net asset value without the payment of a placement fee or commission, most best execution principles do not readily apply to such transactions. In certain instances, the SkyBridge Funds which are funds-of-funds may receive securities in-kind held in custody at broker-dealers selected by the underlying Investment Fund. Further, in the case of SkyBridge Funds which are funds-of-funds, at times there may be opportunities to access or implement alternative investment strategies through SEC-registered investment companies. These would be expected principally to be exchanged-traded funds (or "ETFs").

SkyBridge generally has authority to select the broker-dealer to be used in each transaction for the Clients engaged in direct investing, or funds-of-funds trading in ETFs, and for negotiating the fees to be paid to the broker-dealer in connection with such transactions. SkyBridge recognizes its duty to obtain "best execution." Consistent with such duty, in determining best execution, SkyBridge takes into account the full range and quality of a broker-dealer's services, including research and other services. SkyBridge does not select broker-dealers solely on the basis of lowest possible commission costs, but by the best qualitative execution. Consistent with such policy, consideration is given to a variety of factors, including but not limited to the following: (i) price, (ii) the ability of the brokers and dealers to effect the transactions, (iii) facilities, reliability and financial responsibility and (iv) research-related services provided.

While SkyBridge's primary consideration in allocating portfolio transactions to broker-dealers is to obtain favorable prices and efficient executions, SkyBridge does not have an obligation to, and does not always seek to, obtain the lowest priced execution regardless of qualitative considerations. In determining best execution, SkyBridge may take into account the full range and quality of a broker's services that benefit an account under management such as brokerage, research and other services. Therefore, SkyBridge may not necessarily negotiate "execution only" commission rates and may "pay up" for research and other services provided by the broker through the commission rate ("soft dollars"), which may result in higher transaction costs than would be otherwise obtainable. Section 28(e) of the Exchange Act provides a safe harbor that permits an investment manager with investment discretion to obtain research and other products and services provided by a broker-dealer that assist the manager in making investment decisions if the manager determines, in good faith, that the brokerage rates charged by such broker are reasonable in light of the services provided. Such products and services obtained through the use of commissions generated with respect to one client's portfolio transactions may be used with respect to any or all of the manager's other clients. SkyBridge's policy is to stay within the Section 28(e) safe harbor. As such, SkyBridge will only receive products and services that have a mixed use if it makes a good faith allocation of the value of the non-research products and services it receives and pays for such non-research items in hard dollars.

SkyBridge did not utilize soft dollars in its most recently-completed fiscal year. SkyBridge does not have directed brokerage arrangements. In those cases where a Client or Advisory Accountholder would designate a broker or dealer through which transactions should be effected, it may not be possible for SkyBridge to obtain for such Client or Advisory Accountholder the lower rates that might be obtainable if SkyBridge had full discretion in the selection of the executing broker or dealer.

SkyBridge may aggregate orders on behalf of multiple Clients when consistent with law and best execution. As a general matter, when SkyBridge aggregates Client purchase or sale orders, no Client will be

systematically advantaged over any other Client. Each Client that participates in an aggregated order for any given security will participate at the average share price for all Client transactions in aggregated orders for such day. Fully filled aggregated orders will be allocated among Clients in a manner consistent with SkyBridge's internal policies and procedures regarding allocations, and partially filled orders will be allocated pro rata among Clients.

SkyBridge may also engage in cross trades on behalf of Clients. Cross trades involve the transfer, sale or purchase of assets from one Client to another Client without the use of a broker-dealer. SkyBridge may engage in cross trading where permissible, if it determines that such action would be favorable to both Clients and the conditions for the transaction are fair to both parties. In such circumstances, SkyBridge will not receive compensation for arranging the transaction. SkyBridge has adopted a cross trading policy to address any potential conflicts which might arise from effecting trades between Client accounts. This policy prohibits SkyBridge from effecting a trade between Clients if one of the Clients is either an Employee Retirement Income Security Act of 1974 ("ERISA") client or a governmental plan client. The policy permits SkyBridge to effect trades between Client accounts which are not U.S. registered open-end and closed-end investment companies subject to certain restrictions, including the requirements that:

- SkyBridge does not receive any compensation (other than its advisory fee), directly or indirectly, for arranging the cross transaction;

- SkyBridge ensures that the transaction occurs at a fair price – i.e., where closing market prices are not available, best execution principles obligate SkyBridge to seek at least two, and preferably three, price quotes from independent broker-dealers, or, in the absence of a market, alternative comparable third party safeguards must be implemented; and

- SkyBridge ensures that the transaction is in the best interests of both parties.

Any cross trades involving U.S. registered open-end and closed-end investment companies are carried out in accordance with Rule 17a-7 under the 1940 Act and applicable policies and procedures.

Item 13: Review of Accounts

On a regular and ongoing basis, SkyBridge reviews the activity in and investment results of the SkyBridge Funds, the Managed Accounts and, to the extent requested, accounts of Advisory Accountholders. These reviews are generally conducted by a combination of SkyBridge's Chief Investment Officer and Portfolio Managers. SkyBridge also periodically consults with Clients and Advisory Accountholders to update financial information and investment objectives and to determine whether any changes to investment restrictions typically contained in investment management agreements between its Clients and SkyBridge are appropriate. Any restrictions that a Client or Advisory Accountholder imposes on the management of an account may cause SkyBridge to deviate from investment decisions it would otherwise make in managing the account.

For each SkyBridge Fund, investors are provided with: (i) the monthly (or daily, in the case of SkyBridge Dividend Value Fund) net asset value of the Fund; (ii) a quarterly report of the Fund's investments and overall Fund performance; (iii) an annual audited financial report and summary update of the Fund's investments; (iv) annual tax information necessary for the completion of U.S. federal income tax returns, as appropriate; (v) periodic information regarding expirations of lock-up periods attributable Client accounts; and (vi) such other information as SkyBridge determines in its sole discretion from time to time. Monthly information generally will be provided within forty-five (45) days following such month end or earlier to the extent required by applicable law, including the 1940 Act. Managed Accounts are provided with comparable information. Depending upon the SkyBridge Fund, SkyBridge may provide information, including the SkyBridge Fund current top investment holdings and certain performance estimates and underlying manager and sub-strategy performance and return data to investors and their representatives by electronic mail and may post such information on its website at www.skybridgecapital.com. An investor may request this information, or provide their e-mail address for direct receipt, by contacting SkyBridge at 1.888.759.2730 or e-mailing IR@skybridgecapital.com. Such SkyBridge Fund may provide additional information to investors and their representatives upon request. In connection with requests for additional information, such SkyBridge Fund may require information from the recipient and the execution of an agreement to retain the confidentiality of the information provided.

Item 14: Client Referrals and Other Compensation

Occasionally, Clients or investors in certain SkyBridge Funds may be referred to SkyBridge by SkyBridge employees or SkyBridge's affiliates. SkyBridge may also enter into arrangements with unaffiliated parties that refer Clients or investors in certain SkyBridge Funds to SkyBridge. Any such third party referral arrangements will be conducted in accordance with Rule 206(4)-3 under the Advisers Act. Payments under such arrangements will generally consist of a cash payment computed as a percentage of the referred Client's advisory fee, although other methods of computation may be used.

SkyBridge's CCO has overall responsibility for the implementation and monitoring of its cash solicitation policy, practices, disclosures and record-keeping. SkyBridge has adopted various procedures to implement the firm's solicitation policy and to review and monitor its application to ensure that the firm's policy is observed, implemented properly and amended or updated, as appropriate. These procedures include:

- SkyBridge's CCO will review and approve any solicitor arrangements, including approval of the particular solicitor's agreement(s), reviews of solicitor's background, compensation arrangements and related matters;

- no principal or employee of SkyBridge may enter into any verbal or written agreement for client solicitations without the prior approval by the CCO; and

- SkyBridge's CCO periodically monitors the firm's solicitor arrangements to note any new or terminated relationships, make sure appropriate records are maintained and solicitor fees paid, and make sure Form ADV disclosures are current and accurate.

In addition, SkyBridge and its employees, as a matter of policy and practice, are prohibited from providing or agreeing to provide, directly or indirectly, payment, consideration or any other item of value or to any person unaffiliated with SkyBridge to solicit a government entity for investment advisory services on SkyBridge's behalf unless such person is a U.S. registered broker-dealer and/or U.S. registered investment adviser. Any arrangement which may involve the solicitation of governmental entities must be in writing and contain such contractual provisions as the CCO approves. Such provisions shall be reasonably designed to assure, in the judgment of the CCO, compliance with all applicable laws and rules by such person in connection with any solicitation of any governmental entity.

Item 15: Custody

SkyBridge does not maintain direct custody of Client assets. However, under Rule 206(4)-2 under the Advisers Act, "custody" is broadly defined to also include holding indirectly client funds or securities, or having any authority to obtain possession of them. In particular, SkyBridge is considered to have custody with respect to the SkyBridge Funds to the extent SkyBridge or an affiliate of SkyBridge serves in a capacity that gives it legal ownership of or access to the SkyBridge Funds' funds or securities (such as general partner of a limited partnership, managing member of a limited liability company or a comparable position for another type of pooled investment vehicle). SkyBridge is also considered to have custody with respect to certain SkyBridge Funds and Managed Accounts if SkyBridge is authorized under the Client's agreement with SkyBridge to withdraw Client funds or securities maintained with a third-party custodian upon SkyBridge's instruction to the third-party custodian. At present, SkyBridge is not authorized under any Managed Account agreement to withdraw Client funds or securities, but may do so with respect to certain SkyBridge Funds enumerated in Part 1A of SkyBridge's Form ADV.

In order to avoid any conflict of interest that indirect custody of Client assets may cause, SkyBridge complies with Rule 206(4)-2 under the Adviser's Act by using the exemption for the annual audit of SkyBridge Funds' financial statements and the delivery of such audited financial statements to SkyBridge Fund investors in the timeframe required under such Rule, in cases where SkyBridge has indirect custody. Investors in SkyBridge Funds should review those financial statements carefully. In circumstances where SkyBridge is unable to provide such financial statements within the required timeframe, SkyBridge would comply with such Rule by (i) sending a notice to Clients meeting the requirements of Rule 206(4)-2, (ii) confirming that the qualified custodian sends quarterly account statements to Clients and (iii) undergoing an annual surprise examination by an independent public accountant to verify Client funds and securities.

SkyBridge's authority to cause any Client to withdraw or redeem from an underlying Investment Fund is subject to the condition that the underlying Investment Fund be instructed, at the time of withdrawal or redemption, to remit any withdrawal or redemption proceeds directly to the Client's custodian.

Item 16: Investment Discretion

SkyBridge's investment management services are provided pursuant to the terms of an investment advisory agreement with the Client and in certain cases the organizational documents of the SkyBridge Fund and/or Managed Account. With respect to Managed Accounts, Clients are generally permitted to impose investment restrictions with respect to their assets by providing SkyBridge with written notice, as long as SkyBridge reasonably deems the restriction to be appropriate and agrees to the investment restriction in a modified investment advisory agreement with the Client. Any restrictions a Client imposes on the management of a Managed Account may cause SkyBridge to deviate from investment decisions it would otherwise make in managing the account.

Item 17: Voting Client Securities

Where SkyBridge provides advice to SkyBridge Funds or Managed Accounts that invest directly in voting securities, those SkyBridge Funds or Managed Accounts may receive notices or proposals from companies in which they are invested seeking the consent of, or voting by, investors ("proxies"). Because investments in Investment Funds by SkyBridge on behalf of Clients do not typically convey traditional voting rights, and the occurrence of corporate governance or other consent or voting matters for this type of investment is substantially less than that encountered in connection with investing directly in equity securities, it is unlikely that any SkyBridge Fund that operates as a fund-of-hedge funds will be solicited to vote a proxy.

The SkyBridge Funds and the Managed Accounts have delegated any voting of proxies in respect of portfolio holdings to SkyBridge to vote proxies in accordance with SkyBridge's proxy voting guidelines and procedures. In general, SkyBridge believes that voting proxies in accordance with the policies described below will be in the best interests of Clients.

- In the absence of specific voting guidelines mandated by a particular Client, SkyBridge will vote proxies in the best interests of each Client (which theoretically could result in different voting results for the same underlying issuer). Although voting certain proxies may be subject to the discretion of SkyBridge, SkyBridge is of the view that voting proxies in accordance with the following general guidelines is in the best interest of its advisory Clients:
    - SkyBridge will generally vote in favor of normal corporate housekeeping proposals including, but not limited to, the following:
        - election of directors (where there are no related corporate governance issues);
        - selection or reappointment of auditors; or
        - increasing or reclassifying common stock.
    - SkyBridge will generally vote against proposals that:
        - make it more difficult to replace members of the issuer's board of directors or board of managers; or
        - introduce unequal voting rights (although there may be regulatory reasons that would make such a proposal favorable to certain Clients).
- For proxies addressing any other issue (for the fund-of-funds business, to the extent voting shares are issued, this may include proposals related to fees paid to Investment Managers of underlying Investment Funds, redemption rights provided by underlying Investment Funds or investment objective modifications), the CCO, portfolio manager, or other designated officer, shall determine (which may be based upon the advice of external lawyers or accountants) whether a proposal is in the best interest of affected Clients. In doing so, SkyBridge will evaluate a number of factors which may include, but are not limited to:
    - the performance of the underlying investment in question;
    - a comparison of the proposed changes to terms which are customary in the industry; and

- for the fund-of-funds business, consideration of the risk that the Investment Manager of the Investment Fund will require the SkyBridge Fund to withdraw if the required change is not approved.

In exercising its voting discretion, SkyBridge will seek to avoid any direct or indirect conflict of interest presented by the voting decision. If any substantive aspect or foreseeable result of the matter to be voted on presents an actual or potential conflict of interest involving SkyBridge, SkyBridge will, if feasible, make written disclosure of the conflict to the Client indicating how SkyBridge proposes to vote on the matter and its reasons for doing so. Investors in SkyBridge Funds and holders of Managed Accounts may obtain a copy of SkyBridge's proxy voting policies and procedures, as well as information as to how SkyBridge voted Clients' proxies, by calling or writing to SkyBridge at the number or address printed on the front of this brochure. In addition, each of the 1940 Act Funds is required to file annually its proxy voting record on Form N-PX with the SEC by August 31 of each year. This filing is (or will be) available on the SEC's website at www.sec.gov.

In situations where a Client or Advisory Accountholder retains the ability to vote proxies, they will receive their proxies or other solicitations directly from their custodian or transfer agent.

Item 18: Financial Information

Not Applicable.

ITEM 1: COVER PAGE

SkyBridge Capital II, LLC

SUPPLEMENT TO DISCLOSURE BROCHURE
(FORM ADV PART 2B)

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November 1, 2018

This brochure supplement provides information about supervised persons of SkyBridge Capital II, LLC ("SkyBridge") who provide investment advice to you and supplements SkyBridge's Disclosure Brochure. You should have received a copy of that Brochure. Please contact A. Marie Noble, Chief Compliance Officer, if you have any questions about the contents of this supplement at (212) 485-3129.

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

While SkyBridge Capital II, LLC ("SkyBridge" or the "Firm") has no formalized minimum standards of education and business background with respect to its supervised persons, such persons are college educated with graduate school and/or business level equivalent experience and have prior experience in investment management, research analysis or other fields complementing their present professional activities with SkyBridge.

The following are SkyBridge's supervised persons who provide investment advisory services to clients:

Raymond C. Nolte (born 1961) is a Managing Partner and the Chief Investment Officer ("CIO") of SkyBridge. Mr. Nolte serves as Chairman of the Investment Committee. Prior to this role, Mr. Nolte was the Chief Executive Officer of the Hedge Fund Management Group at Citigroup Alternative Investments ("CAI") where he was also Chairman of the Group's Investment Committee and CIO. Before joining CAI in September of 2005, he worked at Deutsche Bank (1999-2005) and Bankers Trust Company from 1983 until the firm was acquired by Deutsche Bank in 1999. At Deutsche Asset Management, Mr. Nolte held roles as the Global Head and CIO of the DB Absolute Return Strategies (ARS) Fund of Funds business, the Chairman of its Investment Committee, Vice Chairman of DB ARS as well as Head of the Single Manager Hedge Fund business. In late 1996 Mr. Nolte started the Bankers Trust Fund of Funds business and launched the Topiary family of funds, which grew to $7 billion in assets under management when he left in 2005. The business was comprised of several multi-manager, multi-strategy funds as well as single strategy funds and separate accounts.

Mr. Nolte started his career at Bankers Trust Company in 1983 in the foreign exchange and foreign fixed income sales and trading business before moving to the capital markets and derivatives business. In 1994 he was named the head of the Global Portfolio Management business which was responsible for the discretionary management of global balanced client portfolios.

Mr. Nolte received his B.B.A. in Finance from George Washington University.

Troy A. Gayeski (born 1974) is a Partner and Senior Portfolio Manager at SkyBridge, where he is responsible for portfolio management, manager sourcing, research and due diligence across a wide variety of strategies. Prior to this, Mr. Gayeski performed similar fund of hedge fund and portfolio management duties as a Director and Senior Portfolio Manager in the Hedge Fund Management Group at CAI (2005-2010), as Senior Vice President – Senior Research Analyst at Bank of America (2003-2005) and Optima Fund Management (2005) and as Vice President – Research Analyst at Yankee Advisers (2001-2003).

Mr. Gayeski received a B.S. in Chemical Engineering from MIT and is a Chartered Financial Analyst ("CFA") charterholder[1].

[1] The CFA is a qualification for finance and investment professionals, particularly in the fields of investment management and financial analysis of stocks, bonds and their derivative assets. The program focuses on portfolio management and financial analysis, and provides a generalist knowledge of other areas of finance. CFA charterholders must pass a series of examinations, possess a bachelor's degree from an accredited institution and have 48 months of qualified, professional work experience. CFA charterholders are also obligated to adhere to a strict Code of Ethics and Standards of Professional Conduct ("CFA Code and Standards") governing their professional conduct.

Robert W. Duggan (born 1977) is a Partner and Senior Portfolio Manager at SkyBridge, where he is responsible for portfolio management, manager sourcing, and due diligence. Prior to this, Mr. Duggan performed the same function as Director and Portfolio Manager in the Hedge Fund Management Group at CAI (2008-2010). Before joining CAI, he was a Senior Analyst at International Asset Management ("IAM"), where he was responsible for sourcing and monitoring the firm's US based hedge fund investments across a broad range of investment strategies (2006-2008). Prior to IAM, Mr. Duggan held Research Analyst roles at Northern Trust Global Advisors (2004-2006) and Alpha Investment Management (2001-2004).

Mr. Duggan received a B.A. in Economics from Fordham University and is a CFA charterholder[1].

Daniel J. Barile (born 1981) is a Managing Director and Senior Investment Analyst at SkyBridge. Mr. Barile is responsible for identifying, evaluating, and recommending investments for inclusion in SkyBridge's portfolios; providing ongoing employee education regarding product offerings and industry developments; and generating market analysis and portfolio commentary. He performed similar functions in the Hedge Fund Management Group at CAI (2008-2010). From 2005 to 2008, Mr. Barile was an Associate Director and Credit Analyst in the Financial Institutions Group of Fitch Ratings. He began his career in 2004 as an Analyst in the Corporate Strategy Group of Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Mr. Barile received a B.S. in Management with a concentration in Finance from Binghamton University. He is a CFA charterholder[1] and maintains the Chartered Alternative Investment Analyst ("CAIA") designation[2].

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2 The CAIA designation is a qualification for finance and investment professionals in the field of alternative investments. CAIA charterholders must pass a series of examinations assessing their understanding of various alternative asset classes, knowledge of the tools and techniques used to evaluate the risk-return attributes of each, and ability to apply such knowledge within a portfolio management context. CAIA has adopted the CFA Code and Standards.

ITEM 3: DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice.

No information is applicable to this Item.

ITEM 4: OTHER BUSINESS ACTIVITIES

Mr. Nolte is a general securities principal and associated person of Hastings Capital Group, LLC ("Hastings"), a broker-dealer affiliated with but operated separately from SkyBridge, registered pursuant to the Securities Exchange Act of 1934 and a member in good standing of the Financial Industry Regulatory Authority. SkyBridge's strategic partner, Challenger Financial Services Group Ltd., a financial services company listed on the Australian stock exchange ("Challenger"), together with Mr. Anthony Scaramucci, Managing Partner of SkyBridge, presently control Hastings. Messrs. Gayeski, Duggan and Barile are associated persons of Hastings; Messrs. Gayeski and Duggan are also general securities representatives of Hastings.

Hastings typically enters into principal underwriter, private placement and/or distribution agreements with investment funds managed by SkyBridge ("SkyBridge Funds") for marketing and other services. In such event, Hastings receives from the SkyBridge Fund customary fees based upon the nature and extent of the services provided and is indemnified by, and indemnifies, the SkyBridge Fund on customary terms with respect to its services.

ITEM 5: ADDITIONAL COMPENSATION

Registered investment advisers are required to disclose additional compensation or economic benefits that supervised persons are eligible to receive in connection with providing investment advice to you.

No information is applicable to this Item.

ITEM 6: SUPERVISION

SkyBridge has established internal policies and supervisory procedures in order to ensure that it performs its fiduciary duty to its clients. Supervisors meet routinely with the employees within their purview to discuss, among other things, business-related issues, regulatory and compliance issues and business initiatives. The supervisory framework includes, but is not limited to, the following elements: standard protocols and controls within the business, established reporting lines and escalation processes, defined roles and responsibilities of employees, compliance with SkyBridge internal policies, maintaining the confidentiality of data and information and managing conflicts of interest. Investment advice given to clients must meet the stated investment objectives of the client.

Mr. Nolte, together with SkyBridge's Chief Compliance Officer, Head of Hedge Fund Administration and Operations, Head of Risk and Chief Financial Officer, is a member of the SkyBridge Fiduciary Committee. SkyBridge's Manager Selection and Portfolio Allocation Committees, each of which includes SkyBridge's Head of Risk and, in the case of the Manager Selection Committee, SkyBridge's Head of Operational Due Diligence, supervise SkyBridge's investment advising activities with respect to SkyBridge clients and monitor the Firm's portfolio holdings for consistency with advisory client objectives, strategy and guidelines. Mr. Nolte can be reached at (212) 485-3125 or by e-mail at rnolte@skybridgecapital.com.

Mr. Nolte, as the Chief Investment Officer of SkyBridge, monitors the advice provided by Messrs. Gayeski, Duggan and Barile through frequent office interactions as well as Manager Selection and Portfolio Allocation Committee meetings.

In addition, all supervised persons are subject to and required to comply with SkyBridge's Compliance Manual, Code of Ethics and other internal policies and procedures adopted by SkyBridge. SkyBridge's Chief Compliance Officer, Ms. Marie Noble, monitors supervised persons' activities for compliance with SkyBridge's policies and applicable laws and regulations. Ms. Noble also has access to all client reports and files, client and employee personal trading records, statements, e-mails and other electronic records maintained by SkyBridge. Ms. Noble can be reached at (212) 485-3129 or by e-mail at mnoble@skybridgecapital.com.

Q2 2019 | “SOZ REIT”

SkyBridge Opportunity Zone
Real Estate Investment Trust, Inc.

This document is for informational purposes only and is neither an offer to sell, nor a solicitation of an offer to buy, an interest in any securities

SKYBRIDGE

Important Information

- This document (this "Document") contains information about (i) SkyBridge Opportunity Zone Real Estate Investment Trust, Inc. (the "Fund"), (ii) SkyBridge Capital II, LLC ("SkyBridge"), and (iii) WCP Investment Manager II, LLC and its affiliates ("Westport") . This Document is intended only for the person to whom it has been delivered. This Document does not constitute an offer to sell, is not an offer or a solicitation of an offer in respect of an investment in the Fund, and should not be construed as an offer of any kind or the solicitation of an offer to buy interests in the Fund in any state or jurisdiction to any person to whom it is unlawful to make such offer or solicitation. Any such offer or solicitation shall be made only to qualifying investors, and only pursuant to the Private Placement Memorandum for the offering of shares of the Fund (the "Private Placement Memorandum"), Subscription Application for shares of the Fund, and organizational documents of the Fund (the "Definitive Documents"), which describe the terms applicable to the Fund and certain risks related to an investment in the Fund and which qualify in their entirety the information set forth herein. Such Definitive Documents, including the Risk Factors contained therein, should be read carefully prior to an investment in the Fund. This Document does not constitute part of any such Definitive Documents. This Document must be preceded or accompanied by a copy of the Private Placement Memorandum in connection with any subscription.
- All information contained herein is subject to revision and completion without prior notification. The investor (prospective or existing) should conduct its own investigation and analysis of SkyBridge, Westport, and the Fund and the data described herein. This Document is strictly confidential and may not be reproduced or redistributed in whole or in part nor may its contents be disclosed to any other person under any circumstances except with the permission of SkyBridge.
- SkyBridge is not acting as the advisor or agent for clients purchasing an investment and thus clients cannot rely on SkyBridge or this Document in connection with their decision to invest.
- No person has been authorized to make representations or provide any information relating to any investment opportunity described herein that are inconsistent with or not otherwise contained in the Private Placement Memorandum.
- As further described in the Private Placement Memorandum, an investment in the Fund is highly illiquid, speculative and not suitable for all investors. Investing in the Fund is only intended for experienced and sophisticated investors who are willing to bear the high economic risks associated with such an investment. Investors may lose all or substantially all of their investment in the Fund.

RISK FACTORS

- An investment in the Fund will provide limited liquidity since the interests in the Fund are not freely transferable. There is no secondary market for the interests and none is expected to develop. An investment in the Fund is suitable only for sophisticated investors who do not require immediate liquidity for their investment and can bear the loss of their entire investment.
- Investors should carefully review and consider potential risks before investing. Certain of these risks include but are not limited to:
  - risks related to the uncertainty of and compliance with the Qualified Opportunity Zone tax regime rules;
  - loss of all or a substantial portion of the investment;
  - lack of liquidity in that there is no secondary market for the Fund;
  - restrictions on transferring interests in the Fund;
  - less regulation and higher fees than mutual funds; and
  - Investment manager risk.

The above description is a summary only. Potential investors are urged to review Annex I of this document together with the Private Placement Memorandum for full disclosures on risks associated with an investment in the Fund, including risks related to the uncertainty of and compliance with the Qualified Opportunity Fund ("QOF") Rules and Regulations.

Important Information

- The third party information used in this Document has been obtained from various published and unpublished sources considered to be reliable, although in certain cases it has not been updated through the date hereof. No attempt has been made to independently verify the data contained herein and neither SkyBridge nor Westport can guarantee its accuracy or completeness and thus does not accept liability for any direct or consequential losses arising from its use.
- SkyBridge and Westport cannot accept responsibility for the tax treatment of any investment product. This Document is not intended to constitute legal, tax or accounting advice, or investment recommendations. Each investor should consult its own lawyer, accountant, tax adviser and other applicable advisers regarding legal, commercial, tax or any other topic related to the information contained in this Document, independently, based on its individual circumstances. SkyBridge and Westport assume that, before making any commitment to invest, the investor and (where applicable, its beneficial owners) have taken whatever tax, legal or other advice the investor/beneficial owners consider necessary and have arranged to account for any tax lawfully due on the income or gains arising from any investment product provided by SkyBridge or Westport. An investor who is required to file a U.S. tax return may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of this investment and its transactions and all materials of any kind (including opinions or tax analyses) that are provided to the investor relating to such tax treatment and tax structure. SkyBridge and Westport do not provide tax or legal advice. No securities commission or regulatory authority in the United States or in any other country has in any way passed upon the merits of an investment in the Fund or the accuracy or adequacy of this Document or the material contained herein.
- An investor should consider carefully the investment objectives, risks, and charges and expenses of the Fund before investing. Additional information about SkyBridge, Westport and the Fund is available upon request. This Document is not intended as a substitute for the Private Placement Memorandum and should not be relied upon as such.
- **Past performance does not guarantee future results. Actual results may vary.**
- The investment opportunities contained herein are for informational purposes and are not to be construed as indicative of future performance.
- Non-US Legal Considerations. Investors who are residents of countries other than the U.S. should consult their legal and tax advisors concerning the regulatory and tax implications of an investment prior to making an investment decision.
- Any market outlooks or estimates in this Document are forward-looking statements and are based upon certain assumptions. Actual results may differ materially from those set forth in any forward-looking statements herein.
- Unless otherwise noted, the views expressed in this Document reflect those of SkyBridge or Westport. Westport is not affiliated with SkyBridge.
- Securities offered through Hastings Capital Group, LLC, a registered broker-dealer and a member of both the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). SkyBridge is affiliated with Hastings.
- **Investment vehicles managed by SkyBridge invested seed capital into certain investment vehicles managed by an affiliate of Westport, and those investment vehicles and a SkyBridge affiliate who also invested negotiated for certain rights in connection with the seed investment. The investment vehicles managed by the affiliate are in their harvest periods or liquidation periods. Among other things, the extent of these business relationships may affect the objectivity of SkyBridge in evaluating the performance of Westport with respect to the Company. For additional potential conflicts of interest, see the section of the Private Placement Memorandum titled “Potential Conflicts of Interest.”**

Westport Disclosures

This presentation is for informational purposes only and should not be construed as legal, tax, investment, or other advice. It does not constitute an offer to sell, or the solicitation of an offer to buy, any product. An offer may only be made by means of the private placement memorandum and governing documents (collectively, the “Fund Documents”) of the funds (collectively, the “Funds”) managed by Westport Capital Partners LLC (“WCP”), WCP Investment Manager II, LLC (“WCP II”) and their affiliates (collectively “Westport”), which should be read in their entirety. This information is not intended to be complete or final and is qualified in its entirety by the Fund Documents. All returns are subject to revision until completion of the annual audit.

Past performance is not necessarily indicative or a guarantee of future results. This presentation is being provided to certain accredited investors in one-on-one presentations for information and discussion purposes only. It should not be assumed that there will be a correlation between the performance of similar preceding real estate funds managed by WCP and the Fund’s returns. An investment in any Fund is speculative and entails substantial risks. Prospective investors are encouraged to ask questions of WCP II and to conduct further due diligence.

An investor in the Fund could lose all or a substantial amount of his or her investment. Returns generated from an investment in the Fund may not adequately compensate investors for the business and financial risks assumed. While the Fund is subject to market risks common to other types of investments, including market volatility, the Fund employs certain trading techniques, such as the use of leveraging and other speculative investment practices that may increase the risk of investment loss. The products in which the Fund expects to invest may involve above-average risk.

Because this communication is preliminary and a summary only, it may not contain all material terms, including important conflicts disclosures and risk factors associated with an investment in a Fund; and this communication in and of itself should not form the basis for any investment decision. Westport is not acting and does not purport to act in any way as an advisor or in a fiduciary capacity vis-a-vis any investor in the Funds. Therefore, it is strongly suggested that the reader seek his or her own independent advice in relation to any investment, financial, legal, tax, accounting or regulatory issues discussed herein.

Unless otherwise indicated, the information contained herein is current as of December 31, 2018. The information herein is believed to be reliable and has been obtained from sources believed to be reliable, but no representation or warranty is made, expressed or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of the information and opinions. Additionally, there is no obligation to update, modify or amend this communication or to otherwise notify a reader in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Certain information contained in this document constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "target", "project", "estimate", "intend", "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of the Funds may differ materially from those reflected or contemplated in such forward-looking statements and no undue reliance should be placed on these forward-looking statements, nor should the inclusion of these statements be regarded as Westport’s representation that the Funds will achieve any strategy, objectives or other plans.

The information contained herein is confidential and intended solely for the use of Westport and the person to whom Westport has delivered this document. This document is not to be reproduced or distributed to any third party. The recipient, by accepting delivery of this document, agrees to this restriction and to return this document to Westport upon request.

Offering Summary

SkyBridge Opportunity Zone REIT ("SOZ REIT")

Product	SkyBridge Opportunity Zone Real Estate Investment Trust, Inc. ("SOZ REIT"), a Qualified Opportunity Fund ("QOF")[1]
Advisor	SkyBridge Capital II, LLC
Sub-advisor	WCP Investment Manager II, LLC ("WCP II"), an affiliate of Westport Capital Partners LLC
Mandate	SOZ REIT is a private, non-exchange traded REIT with a mandate to invest in residential, commercial and industrial real estate (new development and redevelopment) in U.S. Treasury-certified Opportunity Zones[1]
Eligible Investors	Accredited investors (generally, individuals having a net worth of at least $1 million not including the value of a primary residence, or earning at least $200,000 ($300,000 joint) in each of the past two years)
Minimum Investment (USD)	$100,000 initial / $25,000 subsequent
Minimum Expected Holding Period	10 years
Advisors' Commitment	The Advisor and the Sub-Advisor, including for these purposes their employees, have together agreed to invest an amount equal to at least 2% of invested capital in the Fund, up to a maximum of $5 million, to be funded from time to time through December 31, 2021
Subscriptions	Launched December 1, 2018 Accepting subscriptions monthly until December 1, 2021
Distributions	Quarterly (at least 90% of taxable income annually via dividends per REIT requirements)[3]
Redemptions[2]	Semi-annual (March 31 and September 30) beginning 2022, subject to a 2.5% of NAV fund-level semi-annual gate, following the three year anniversary of the investor's initial investment
Targeted/Potential Exits	Public listing (via an initial public offering) or, after all investors have held for at least 10 years, a portfolio sale or single-asset sales; orderly liquidation to be commenced 15 years after initial close (December 2033) if a public listing or return of capital via a portfolio sale or single-asset sales has not occurred[4]

Source: SkyBridge

1) SOZ REIT must comply with various requirements in order to qualify as a REIT, which are described in the Fund's Private Placement Memorandum. Failure to qualify as a REIT would result in adverse tax consequences for investors in the Fund. Furthermore, while SOZ REIT intends to be structured in a manner that preserves the tax benefits afforded under the Qualified Opportunity Zone program, no assurance can be given that the tax benefits of the program will be realized by any or all Shareholders.

2) No Shareholder will have the right to require SOZ REIT to redeem Shares. There is not currently a public or other market for the Shares. Consequently, Shareholders may not be able to liquidate their investment other than as a result of repurchases of Shares by SOZ REIT. There is no guarantee that SOZ REIT will purchase all or any Shares.

3) There is no expectation of material distributions in the first several years of the Fund's existence. There is no assurance that the Fund's acquisitions will be profitable or that cash flow will be available for distribution to shareholders. Distributions may also consist of a return of capital.

4) There can be no assurance as to the consummation of any public listing nor the timing of any sale.

All terms and conditions subject to change. Please see the SOZ REIT's Definitive Documents and Adviser's form ADV for a more comprehensive discussion on fees and expenses.

Offering Summary (cont.)

SkyBridge Opportunity Zone REIT (“SOZ REIT”)

Reporting	Monthly
Tax Reporting	Investors will receive an annual Form 1099-DIV
Aggregate Management Fee	1.75% of net assets annually, paid monthly
Incentive Fee	15% of the total return above a 5% annualized hurdle (accrued monthly, crystallized only upon redemption or public listing or liquidation)
Other Expenses and Fees[2]	Customary expenses (audit, tax including REIT and Qualified Opportunity Fund compliance, legal, administration, valuation)
Service Providers	**Auditor:** KPMG **Tax** (including REIT and QOF compliance): KPMG **Legal:** Shearman & Sterling **Administration:** BNYMellon **Custodian:** BNYMellon **Valuation** (monthly service level): Altus

“ We need more business and civic leaders to join us in promoting policies to unleash America’s full potential. **Policies that incentivize investment in underserved communities, including… Opportunity Zones in the new tax reform law, can encourage support for parts of America that continue to struggle with poverty and job growth.”**

Jamie Dimon
Chairman and CEO, JP Morgan Chase
(Axios.com Op-Ed, 3/21/18)[1]

1) The foregoing is a public statement about Opportunity Zone legislation and is not intended to be a specific recommendation of SOZ REIT.
2) Stated fees are for Class O shares; Class L, Class M, and Class N shares are also subject to a broker-dealer shareholder servicing fee of up to 0.85% and a broker-dealer placement fee of up to 3.5%. Please refer to SOZ REIT’s Private Placement Memorandum for more information.
All terms and conditions subject to change. Please see the SOZ REIT’s Definitive Documents and Adviser’s form ADV for a more comprehensive discussion on fees and expenses.

The Big Idea

Opportunity Zones

Unlock capital in low cost basis stock positions	**Reallocate capital for impact investing**	**Promote real estate development, economic growth, and job creation**
Single stock and equity market exposure	**Reallocate capital for asset class and portfolio diversification**	**Real estate market exposure diversified by geography, type, and developer**

Investment Objective

SOZ REIT intends to acquire "qualified opportunity zone property" as defined by the Internal Revenue Code.

SOZ REIT will implement a property acquisition program that seeks to engage primarily in the development, redevelopment, improvement, renovation, rehabilitation or construction of real estate properties in qualified opportunity zones throughout the United States.[1]

There is no guarantee that the rules, regulations, or interpretations will be adopted or implemented as described. Nothing herein constitutes tax or legal advice. As a result of the uncertainty of and compliance with qualified opportunity fund rules, there can be no guarantee that investors will be able to take advantage of any potential tax benefits.

Source: SkyBridge

1) SOZ REIT will not be limited in the types, amounts or concentrations of qualified opportunity zone acquisitions it can make, and may invest and reinvest the assets of SOZ REIT flexibly as it determines throughout the life of SOZ REIT. There is no guarantee that SOZ REIT will be able to acquire the intended qualified opportunity zone properties, and the acquisition program may be changed in order to comply with additional legislation or administrative guidance from Congress or the Treasury.

Opportunity Zone Program

Overview

- **The Tax Cuts and Jobs Act of 2017 created a generous tax incentive program** to promote economic and community development via the Opportunity Zone program.

- **Opportunity Zones are 8,764 low-income census tracts** located in all 50 states and Puerto Rico that were selected by governors and subsequently certified by the U.S. Treasury.

- **Taxpayers with unrealized capital gains may achieve significant tax benefits,** including temporary deferral, reduction and exemption, by realizing capital gains and deploying proceeds (i.e., the gain, not the cost basis) into a Qualified Opportunity Fund.

- **Taxpayers must invest all or a portion of realized capital gains into a Qualified Opportunity Fund within 180 days** of the asset sale to take advantage of the program's tax incentives.

- **Qualified Opportunity Funds must hold at least 90%** of their assets in Opportunity Zones and develop or substantially re-develop real estate within specified timeframes.

The SkyBridge Opportunity Zone REIT is and intends to remain a Qualified Opportunity Fund[1]

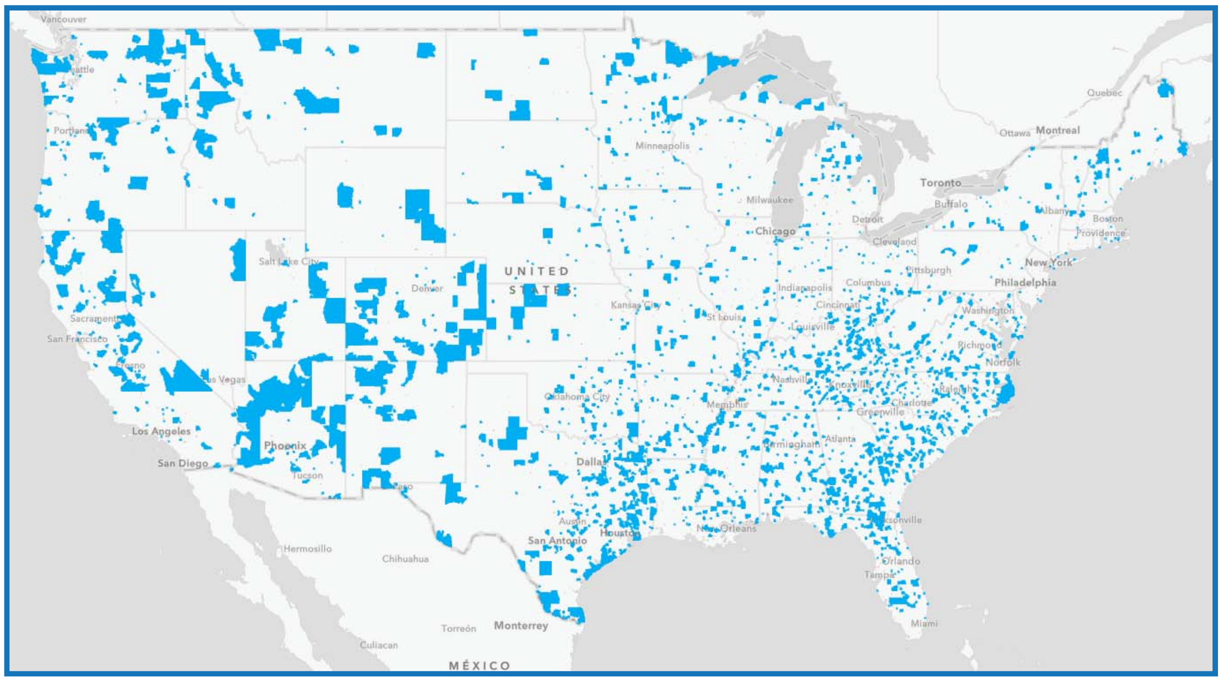
There is no guarantee that the rules, regulations, or interpretations will be adopted or implemented as described. Nothing herein constitutes tax or legal advice. As a result of the uncertainty of and compliance with qualified opportunity fund rules, there can be no guarantee that investors will be able to take advantage of any potential tax benefits.

Source: SkyBridge

1) While SOZ REIT intends to be structured in a manner that preserves the tax benefits afforded under the Qualified Opportunity Zone program, no assurance can be given that the tax benefits of the program will be realized by any or all Shareholders.

What Is An Opportunity Zone?

- **Low-income census tracts:** poverty rates of at least 20% or median family incomes no greater than 80% of the surrounding area
- **Governors were given discretion to select 25% of eligible tracts** in their respective states to be Opportunity Zones
- **Great variance in the growth characteristics and valuation** of Opportunity Zones – selection is key



> “Opportunity Zones are **domestic emerging markets”**
>
> **Sen. Cory Booker**
> (D) New Jersey (Forbes, 7/17/18)[1]

Sources: Economic Innovation Group. For an interactive version of this map, visit https://eig.org/opportunityzones
1) The foregoing is a public statement about Opportunity Zone legislation and is not intended to be a specific recommendation of SOZ REIT.

Summary Of Potential Tax Benefits

Opportunity Zones

Deferral of Capital Gains

Individuals or corporations with any capital gain – from the sale of any asset (e.g., stock, real estate, a business) – can defer taxation on an unlimited amount of realized gains until 2027 if the gain is reinvested within 180 days in a Qualified Opportunity Fund.

Reduction of Capital Gains

Capital gain liabilities associated with the sale proceeds are reduced by 15% if Opportunity Zone investments are made before December 31, 2019. Capital gains liabilities are reduced by 10% if made before December 31, 2021.

Tax Exemption/Exclusion

Investors pay no capital gains tax on new gains generated by a Qualified Opportunity Fund if held for more than 10 years.

"To create a **brighter tomorrow** for communities that have been left behind, we need to capitalize on the **private sector resources** that can help boost these areas in ways we haven't seen before"

Sen. Tim Scott
(R) South Carolina (USA Today, 2/14/18)[1]

There is no guarantee that the rules, regulations, or interpretations will be adopted or implemented as described. Nothing herein constitutes tax or legal advice. As a result of the uncertainty of and compliance with qualified opportunity fund rules, there can be no guarantee that investors will be able to take advantage of any potential tax benefits.

Source: SkyBridge

1) The foregoing is a public statement about Opportunity Zone legislation and is not intended to be a specific recommendation of SOZ REIT.

For discussion purposes only. This presentation is qualified in its entirety by reference to the disclosures contained within the Private Placement Memorandum. All information is based on SkyBridge's estimates, calculations or beliefs at the time of issuance. All characterizations and synopses are SkyBridge's beliefs and not absolute. Nothing herein constitutes tax or legal advice.

Impact Investing

Capital inflows into low-income census tracts should produce meaningful **social** benefits

- Job Creation
- Reduction in Unemployment
- Increase in Median Income
- Reduction in Poverty Rate
- Increase in Number of Affordable Housing Units
- Increase in Home Ownership

Source: SkyBridge

Opportunity Zone Program

Sunset Provisions

To reduce the cost of the Opportunity Zone Program's tax benefit on the federal deficit, the Opportunity Zone Program is phased out in three stages beginning with December 31, 2019 and December 31, 2021 and ending on December 31, 2026

2019
DECEMBER 31

Investors must invest in a Qualified Opportunity Fund to reduce their capital gain liability by **15%** and capture the full tax benefit

2021
DECEMBER 31

Investors who invest in a Qualified Opportunity Fund can reduce their capital gain liability by **10%** (rather than 15%)

The provision providing for a reduction in capital gain taxes expires on December 31, 2021

2026
DECEMBER 31

The Opportunity Zone Program terminates

Investors who invest in a QOF cease to get a capital gain tax exemption on the new gain if held for ten years

There is no guarantee that the rules, regulations, or interpretations will be adopted or implemented as described. Nothing herein constitutes tax or legal advice. As a result of the uncertainty of and compliance with qualified opportunity fund rules, there can be no guarantee that investors will be able to take advantage of any potential tax benefits.

Source: SkyBridge

SkyBridge and Westport

Overview

SKYBRIDGE

SkyBridge Capital II, LLC

Overview

Organization

- Founded by Anthony Scaramucci in 2005[1]
- $9.4 billion under management or advisory[2]
- Global investment management firm focused on alternative investments
- SEC registered investment adviser[3]

Industry Recognized Expertise

- First mover investing in Opportunity Zones
- Award winning products. Flagship offshore fund was awarded a 2018 HFM InvestHedge Global Multi-Strategy, 1 Year Award[4]
- Opportunity Zone leadership: SALT Conference and white paper authorship

Experienced Professionals

- 58 professionals[5]
- Offices in New York, Palm Beach Gardens, London, and Seoul
- Senior members of investment team have worked together for over ten years
- Deep network of relationships with industry leading Opportunity Zone service providers

Source: SkyBridge

1) SkyBridge Capital, LLC was founded in 2005. In May 2008, SkyBridge Capital, LLC and Challenger Financial Services Group (Challenger) announced a strategic partnership and the formation of SkyBridge Capital II, LLC, the Fund's investment manager.
2) Assets under management ("AUM ") as of March 31, 2019. Certain figures used in calculating the firm wide assets may be based on estimates.
3) Registering with U.S. Securities and Exchange Commission does not imply any level of skill or training
4) https://hfmusperformance.awardstage.com/#Hfm_Investhedge
5) As of March 31, 2019

Westport Capital Partners LLC

Overview

Organization

- Founded in 2005 (first two funds seeded by SkyBridge Capital)
- Currently manages $2.0 billion (net assets and undrawn committed capital)
- Has deployed $3.3 billion in capital in 146 real estate investments and returned $1.6 billion to investors via distributions since 2006[1]

Industry Recognized Expertise

- Senior investment team members have worked together an average of 23 years at Westport Capital Partners and previously at Oaktree Capital Management
- 12+ year track record of managing private funds dedicated to developing and investing in real estate (see Appendix A in PPM)
- In-house development and asset and property management capabilities

Strategy

- Specialize in distressed and opportunistic value-driven real estate
- Emphasize capital preservation and prudent use of leverage to generate value for investors throughout the real estate cycle
- Dynamically identify Opportunity Zones that offer growth at attractive valuations

Sources: SkyBridge, Westport

1) Capital deployment and number of transactions are for Real Estate funds only (excludes open-end funds and separate accounts)

Westport Organizational Chart

35 professionals based in Wilton, CT and Los Angeles

Russel S. Bernard*
Managing Principal

Accounting and Corporate

Steven Russell
Principal and Chief Administrative Officer

Bruce Nuzie
Principal

Sang Kim
Jennifer Albero
Fund Controller

Kinga Czwartosz
Ryan Payne
Claire Almestica
Fund/Inv Acct

Lizette Cervantes
Accounts Payable

Harry Ramnath
Technical Specialist

Amy Balogh
Operations Administrator

Trish Murphy
Margaret Ficano
Office Manager

Noreen Keegan
Admin Assistant

Real Estate Investment Management

Wm. Gregory Geiger*
Sean Armstrong*
Jordan Socaransky*
Principal and Portfolio Manager

Peter Aronson*
Principal

Chad Goodman
Stephen Woodard
Sr. Vice President

Jane Ding
Senior Associate

Kevin McTavish
Managing Director, Europe

Justin Reindel
Mathieu Durand
Reggie Kronstadt
Kasia Pozniak
Associate

Gerald Baker
Ryan Huning
Analyst

Transactional

Howard Fife
Principal and Head Trader

Joshua Bederman
Managing Director and Portfolio Manager

Legal and Compliance

Marc Porosoff, Esq.*
Principal and General Counsel

Marian Curtis, Esq.
Sr. Vice President

Sophie Melniker, Esq.
Asst. Vice President Compliance/Legal Officer

Investor Relations

Hy Adelman

James Starr

Sources: SkyBridge, Westport

*SOZ REIT Investment Committee Member

Westport

Ownership Expertise

Westport has extensive ownership expertise and scale, having developed, re-developed, and managed a large number of real estate assets

Office: 9 million SF

Land: 5,500 acres

Hospitality: 2,700 keys

Industrial*: 18 million SF

Multifamily: 13,000 units

Retail: 1.5 million SF

Sources: SkyBridge, Westport
Photographs depict properties currently owned by investment funds managed by Westport
*Industrial square feet includes Westport's investment in NewCold Holdings, LLC, which is calculated by multiplying the number of pallet levels in each warehouse by the footprint of the building.

SKYBRIDGE

Westport Representative Project Experience #1 - Towne Storage

Restore an obsolete distribution center as a creative office in a growing tech market.

Investment

- In Q3 '15 Westport acquired a five story, brick office building constructed in 1915 as a paper distribution center housing artist studios, offices and self-storage tenants on month-to-month leases.

Location

- The submarket has been a significant landing spot for tenants with larger creative office requirements. Portland has seen an uptick in activity with tenants such as Google, Wacom, WeWork, AirBnB and Aruba either entering or growing their presence. Citywide, vacancy rates have dropped to 9.4% and rents have increased to almost $30 per sf. The property is easily accessible with multiple public transportation options and in close proximity to new multi-family development.

Building Design

- The building has compelling floor plates with clear heights above 12 feet on every floor, pristine timber ceilings, columns and joists as well as clean brick throughout the building. The building also enjoys unobstructed views of downtown Portland from expansive windows on the east, west and south sides and the rooftop.

Westport's Strategy

- Acquired the property for $9.6 million or $105 PSF and invested $12 million to convert the building into creative office space and added a sixth floor with 5k sf of roof decking.

AUTODESK

Asset	Creative Office Redevelopment
Location	Portland, OR
Investment	$21 million

Sources: SkyBridge, Westport

There is no guarantee that events or results will be effected as described. For illustrative purposes only. All information is subject to change at Investment Manager's sole discretion without notice to investors.

Westport Representative Project Experience #2 – Preferred Apartments Venture

A structured approach to new multifamily development in growth markets.

Investment

- In Q2 '14, Westport entered into a programmatic mezzanine and equity venture with Preferred Apartment Communities (PAC), a publicly traded REIT (NYSE: APTS), to invest in ground up multifamily and student housing developments.

Rental Trend

- The national home ownership rate has fallen to 63.5%, a 51 year low, while the multifamily occupancy rate has risen to 95%, a 15 year high.

Secondary Market

- New construction has been concentrated in gateway cities, leaving many growing Mid-Atlantic and Southeast cities overlooked.

Westport's Strategy

- Invest in new development in markets where demand is outpacing supply. Structure allows Westport to target equity type returns while remaining senior in the capital stack with additional upside potential if PAC exercises its purchase option.

Developments

- Digital Park – 304 unit multifamily development in Manassas Park, a value alternative to the DC suburbs.
- Founders Village – 247-unit Class A rental townhome apartment complex in Williamsburg, VA.
- Greenpark – 310 apartments 2.5 miles NE of Atlanta.
- Encore – 327 apartments and 12 townhomes 10 miles NW of Atlanta.
- Kennesaw State University – 729 bed student housing development.

Asset	Multifamily & Student Housing
Location	Mid-Atlantic & Southeast
Investment	$24 million

Sources: SkyBridge, Westport

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Westport Representative Project Experience #3 – Goodwin Square

Event driven opportunity to acquire mixed use asset out of receivership, divide the parcel, sell the hotel to pre-identified buyer and lease-up the office building.

Investment

- In Q2 '15 Westport acquired Goodwin Square in the CBD of Hartford, CT. The property consists of a 30-story office tower, 302-car parking garage, and historic 124 room hotel with full service restaurant and 18,000 SF of banquet/conference space.

Location

- Despite its financial trouble, Hartford has reemerged as a 24-hour destination through publicly and privately funded development initiatives focused on promoting the city as a great place to live, work, play and learn. As a result, most large office buildings have been converted to residential, education and government uses, which caused office vacancy to fall under 14% in Q2 '15.

Low Cost Basis

- Westport acquired the property for $19.6 million ($59 PSF), a significant discount to replacement cost, which is estimated to be over $200 million (however, please note that replacement cost may not reflect actual market value). Fully invested cost basis upon lease-up is expected to be under $80 PSF, well below recent sales.

Space to Lease

- Office occupancy was 47% at acquisition, well below the competitive set occupancy rate of 91%. The hotel had been closed since '08.

Westport's Strategy

- Immediately sold hotel to a pre-identified buyer to further reduce cost basis and focus execution on upgrading and leasing-up the office tower.

Asset	Office, Hotel & Parking Garage
Location	Hartford, CT
Investment	$29 million

Sources: SkyBridge, Westport

There is no guarantee that events or results will be effected as described. For illustrative purposes only. All information is subject to change at Investment Manager's sole discretion without notice to investors.

Westport's Geographic Reach

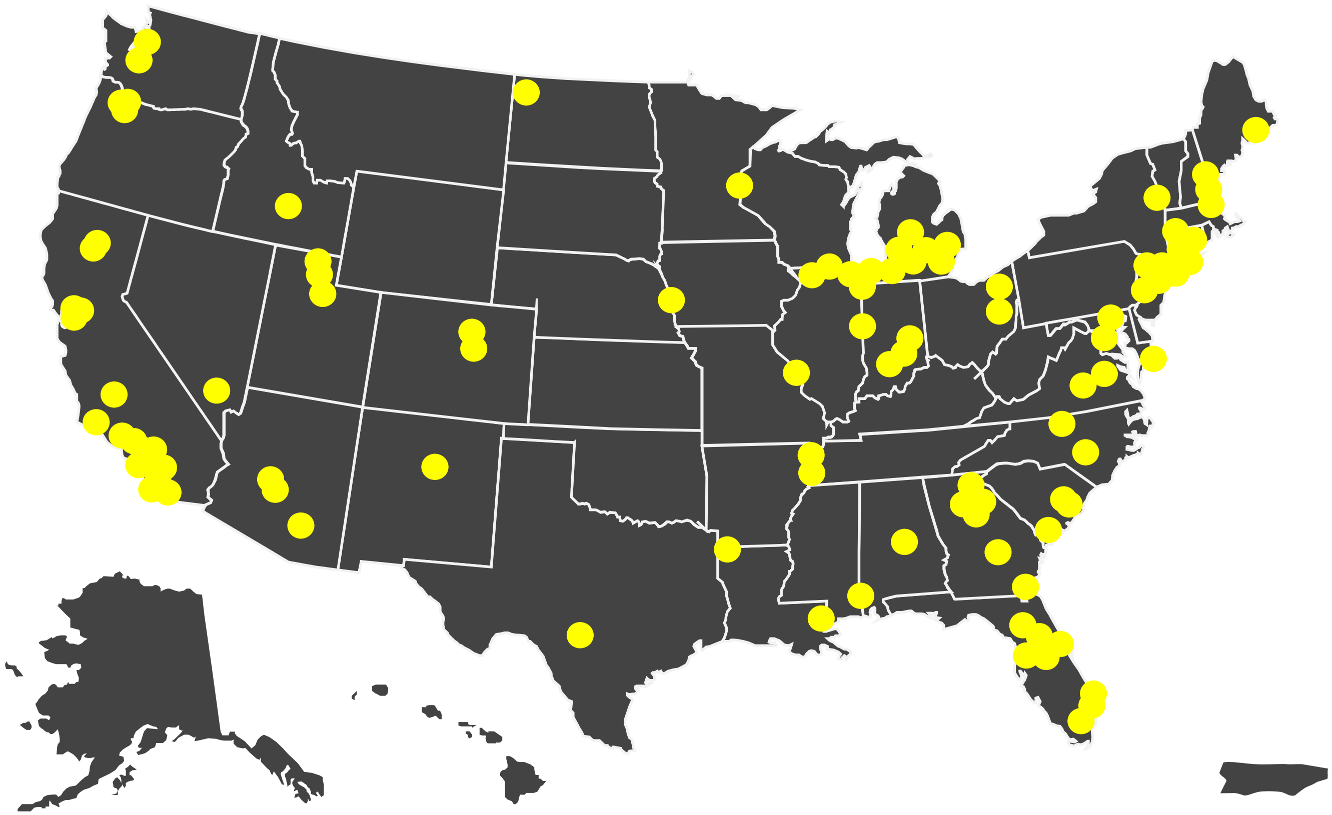
- Westport invests and operates throughout the United States
- 53% of property investments were executed without joint venture partners

$3.3bln

$3.3 billion of capital deployed in real estate investments[1]

146

146 investments



$1.6bln

$1.6 billion of capital deployed in development and substantial re-development projects[1]

48

48 projects

Westport Investments (Active and Historical)

Information as of March 31, 2019

Sources: SkyBridge, Westport

1) Capital deployment and number of transactions are for Real Estate funds only (excludes open-end funds and separate accounts)

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Real Estate Investment Strategy

SKYBRIDGE

WCP II Investment Strategy

Opportunity Zones

Opportunity Zone Selection

Focus on Opportunity Zones with **strong underlying fundamentals**

Value Assessment

Target Opportunity Zones where the **risk/reward profile remains attractive**
(de-emphasize "hot" markets)

Evaluation and Selection

Analyze the properties produced by **Westport Capital's proprietary network** to identify target investments

Negotiating and Structuring

Secure purchase price and related terms **necessary to achieve targeted rate of return**

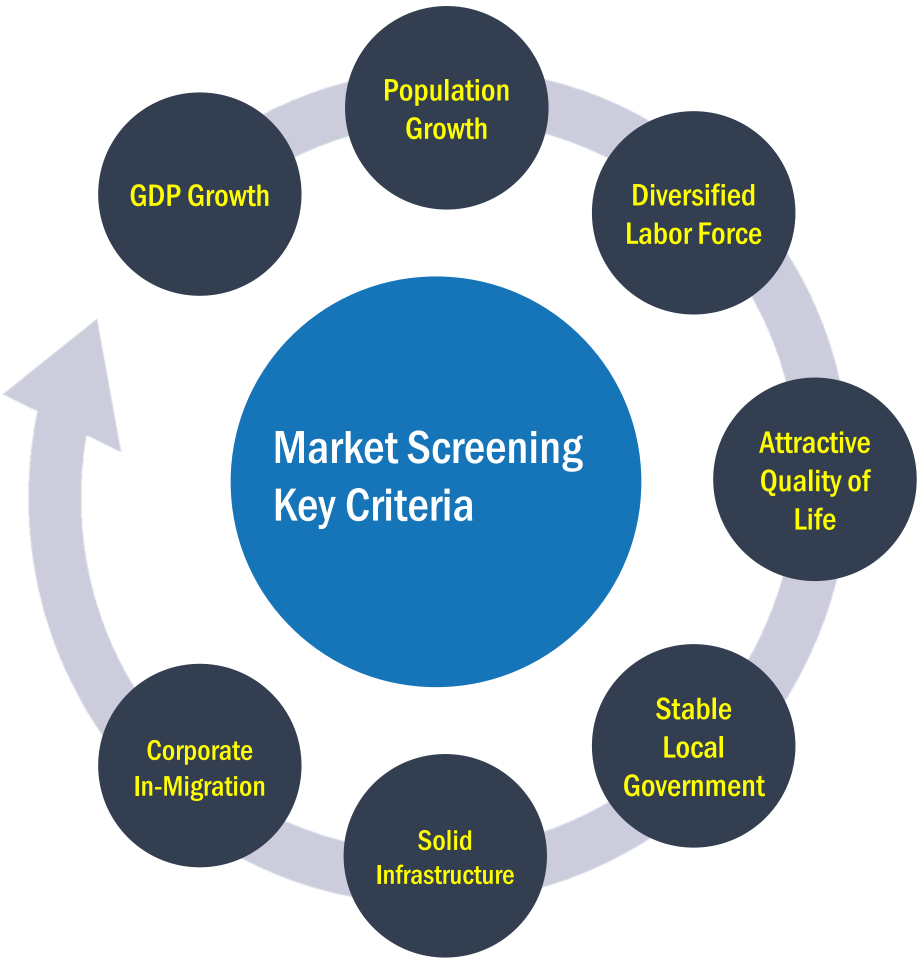
Value Added Execution

In-house resources, experience, expertise and technology employed to **drive net operating income higher**

Sources: SkyBridge, Westport

WCP II Research-Driven Approach – Market Screening

Key Criteria for Opportunity Zones



- In addition to primary markets, there are **54 MSA's (Metropolitan Statistical Areas)[1] with populations greater than 1 million***
- Rising Secondary markets are becoming **new primary markets because of generational shifts**
- The next big cities are **smaller, younger and highly educated**
- **Quality of life and affordability** are propelling secondary market growth

1) Metropolitan Statistical Areas (MSAs) are geographic areas defined by the United States Office of Management and Budget
* Source: CoStar as of November 2017

Note: The description of Westport's investment process is intended to be representative, but the investment processes may be changed from time to time by Westport, and Westport may not perform certain steps, or may perform additional steps, in its discretion.

Differentiated Sourcing Channels and Approach

- Westport leverages its market understanding and relationship networks to source and secure properties
- The firm's history of reliable and speedy closings, often with all cash, expected to produce deal flow and repeat business

Sourcing Fundamentals

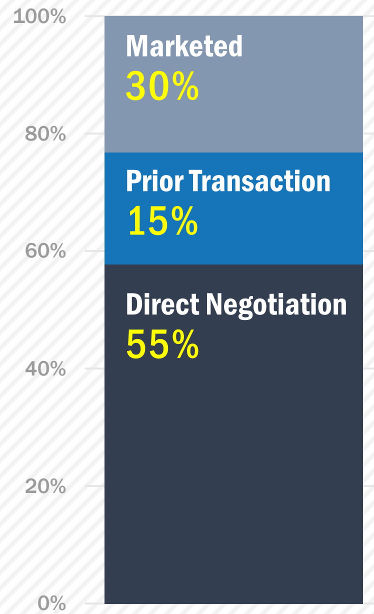
Pre-Empt a Sales Process

Buy on Heels of Failed Process

Negotiate Directly with Seller

Provide Certainty of Execution

Key Sourcing Channels



Selective Investment

Relationship Value-Add

Sourcing Focus

Sources: SkyBridge, Westport

Market Screen Case Study #1 – Southeast Migration

Case Study: Charleston, SC

- States with the highest population growth include South Carolina, Florida, and North Carolina
- States that saw the greatest migrations out of state include New York, New Jersey, and Connecticut
- Corporations and individuals are moving south for: (1) lower taxes; (2) lower cost of living; (3) quality of life

Corporate Out-Migration

AllianceBernstein

Corporate In-Migration/Expansion

Volvo Publix Bank of America

MSA[1] Metrics

- MSA: 762,300
- Job Growth: 3.6%
- Population Growth: 2.5x national avg.
- Highly Educated Workforce: 34.8%
- Low Cost of Living: 10% below national avg.

Key MSA Drivers

- Increased Port Traffic Due to Widening of Panama Canal
- Continued Corporate Expansion / In-Migration

BMW Volvo Boeing

Real Estate Metrics

- High Barriers to Entry Given Region's Natural Boundaries
- Market Vacancy at 8%
- 6.7% Year over Year Rent Growth

1) **Metropolitan Statistical Areas (MSAs)** are geographic areas defined by the United States Office of Management and Budget
* **Sources:** CoStar

Market Screen Case Study #2 – Northwest Migration

Case Study: Portland, OR

- Oregon, Washington, and Idaho have seen some of the largest population growth nationwide over the last 5 years
- California has seen a mass exodus of corporations and citizens
- Corporations and individuals are leaving California for: (1) lower taxes, (2) lower cost of living, (3) quality of life

California has lost more than 1,500 corporations between 2008 and 2015 including:

Toyota, Nestlé

Amazon — Employs 70,000+

Boeing — Employs 80,000+

Micron — A world leader in memory chips

MSA[1] Metrics

- MSA: 2.43M
- Population Growth: 2.0x national avg.
- Unemployment Rate: 3.7

Key MSA Drivers

- Corporate Expansion / migration driven by expensive/overheated Primary Markets
- Most active 18-hour city on the West Coast

amazon, salesforce, wework, Google, airbnb, ebay

Real Estate Metrics

- Market Vacancy at 10% (Historic Office Vacancy at 5%)
- 2017 Net Absorption: 500,000 SF
- High Barriers to Entry

1) Metropolitan Statistical Areas (MSAs) are geographic areas defined by the United States Office of Management and Budget

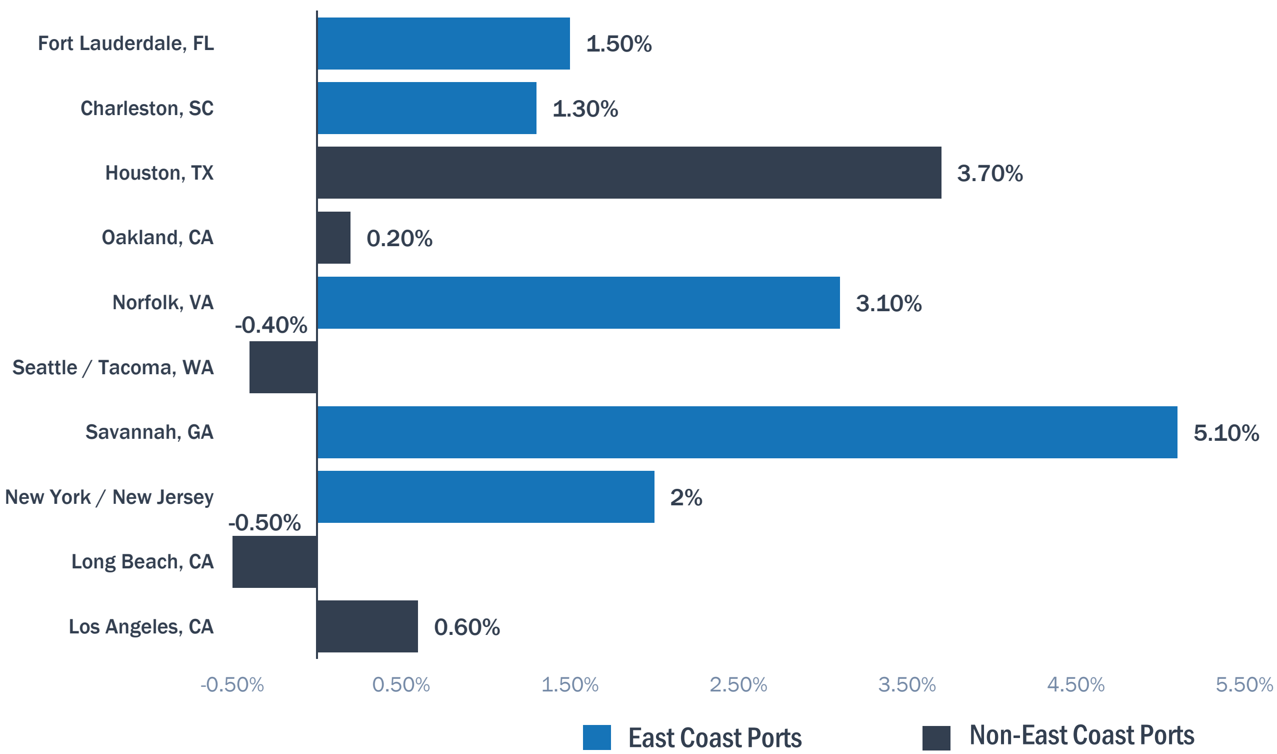
Sources: CoStar; Population Growth – World Population Review

Market Screen Case Study #3 – Supply Chain Savings – East Coast Ports

- The Panama Canal Expansion opened in 2016, allowing for larger post-Panamax ships to travel directly from Asia to the East Coast
- Shipments from China to the U.S. historically traveled to West Coast ports such as Los Angeles or Long Beach
- Post-Expansion, shippers have the opportunity to take larger ships with 2.5x carrying capacity through the Panama Canal
- Corporations are investing in infrastructure proximate to growing ports to take advantage of the change

Historical Port Activity Growth (TEU's[1])

2008 – 2018 CAGR



"The real estate aspect is a great catalyst to attract new businesses"

Steve Case
Founder, AOL (Forbes, 7/17/18)[2]

1) TEU is twenty –foot equivalent unit, which can be used to measure a ship's cargo carrying capacity.
2) The foregoing is a public statement about Opportunity Zone legislation and is not intended to be a specific recommendation of SOZ REIT.
* Sources: Source: Georgia Ports Authority

Exit Timeline, Risks, Performance and Key Biographies

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SOZ REIT Indicative Timeline[1]

Based Upon Current Expectations – Subject to Change Without Notice – See Certain Risk Factors – Exit Opportunities in the Private Placement Memorandum

Capital Raised

Properties Developed

2018 — 2020 — 2022 — 2024 — 2026 — ● — 2028 — 2030 — 2032 — 2034

Semi-annual Redemptions Commence Subject to Board Approval

Properties Anticipated to be Completed and Professionally Managed

Stabilized and Potentially Growing Distributions Anticipated to be Achieved

Public Listing Explored Subject to Market Conditions

Once the development properties are completed and generating normalized cash flow, a public listing or Initial Public Offering ("IPO") provides a path to liquidity for investors.

Ten Year Tax Exemption Achieved For SOZ Investors (exact date dependent upon investors subscription date)

After all investors have held SOZ for at least ten years, a portfolio sale or single-asset sales provide additional paths to liquidity for investors.

Public Listing (via IPO) or Return of Capital via Portfolio Sale or Single-Asset Sales Explored

If a public listing or return of capital (via a portfolio sale or single-asset sales) has not occurred by December 2033, an orderly liquidation of the portfolio will commence and proceeds will be distributed to investors.

Liquidation of Portfolio Commences

There is no guarantee that the rules, regulations, or interpretations will be adopted or implemented as described. As a result of the uncertainty of and compliance with qualified opportunity fund rules, there can be no guarantee that investors will be able to take advantage of any potential tax benefits.

● **Deferred Tax Payment Due** (4/15/27)

Source: SkyBridge

1) While SOZ REIT intends to be structured in a manner that preserves the tax benefits afforded under the Qualified Opportunity Zone program, no assurance can be given that the tax benefits of the program will be realized by any or all Shareholders

All information is based on SkyBridge's estimates, calculations or beliefs at the time of issuance. All characterizations and synopses are SkyBridge's beliefs and not absolute. There is no guarantee that the rules, regulations, or interpretations will be adopted or implemented as described. Nothing herein constitutes tax or legal advice.

Risks Associated with Opportunity Zone Investing[1]

Underperformance of Real Estate Investments	• The value of the ten year capital gains exemption is dependent upon the creation of capital gains
Significant Change In Capital Gains Rate	• A future reduction in capital gains rates, for example to zero, would eliminate the economic advantage associated with the tax incentives
Death	• In the event that a capital gain was realized and invested in a QOF, the decedent's estate continues to owe the deferred (albeit potentially reduced) tax liability rather than experiencing a step up in basis on death on the original asset sold
Failure to Comply with Opportunity Zone Regulations	• Investment returns will be reduced by IRS penalties associated with non-compliance • Numerous aspects of the regulations are subject to interpretations that will require further clarification by the U.S. Treasury which may adversely affect the status of Qualified Opportunity Zone funds
Early Redemption	• Accelerates the payment of the deferred liability which must be paid in full without any reduction. Further, capital gains must be paid on the appreciation associated with the Opportunity Zone investment (i.e., the exemption from capital gains taxes is lost)

There is no guarantee that the rules, regulations, or interpretations will be adopted or implemented as described. As a result of the uncertainty of and compliance with qualified opportunity fund rules, there can be no guarantee that investors will be able to take advantage of any potential tax benefits.

Source: SkyBridge

1) Risks are also associated with prospective investment opportunities. See "Risks Associated with Investments in Real Estate" in the Private Placement Memorandum.

For discussion purposes only. This presentation is qualified in its entirety by reference to the disclosures contained within the Private Placement Memorandum. All information is based on SkyBridge's estimates, calculations or beliefs at the time of issuance. All characterizations and synopses are SkyBridge's beliefs and not absolute. There is no guarantee that the rules, regulations, or interpretations will be adopted or implemented as described. Nothing herein constitutes tax or legal advice.

SkyBridge Opportunity Zone REIT

Historical Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	-0.17%	0.21%	-0.10%	-0.08%									-0.14%
2018												-0.12%	-0.12%

Performance results are net of fees and expenses. Performance data contained above does not reflect any shareholder servicing and/or placement fees. To the extent any such fees are not offset by compensation a placement agent receives from the Portfolio and credits the investor, they would lower the Investor's actual performance. Past performance does not guarantee future results. Actual results may vary.

Pursuant to the terms of the Fee Waiver and Expense Reimbursement Agreement, total operating expenses of the Company shall not exceed 3.00% per annum. The Adviser and the Sub-Adviser have entered into a Fee Waiver and Expense Reimbursement Agreement with the Fund (the "Reimbursement Agreement") pursuant to which they have agreed to support an operating expense ratio that results in the Class O Shares bearing no more of the operating expenses (for the avoidance of doubt, this cap does not apply to shareholder servicing fees, selling commissions and other placement expenses, incentive fees, interest, taxes, dividend expense, borrowing costs (including fees and expenses incurred in connection with arranging for such borrowings), brokerage and similar expenses, expenses of underlying vehicles, acquisition and deal monitoring expenses including research, travel and broken-deal expenses and extraordinary expenses) than an amount equal to 0.25% of NAV each month (3.00% per annum) (the "Operating Expense Cap"), through a date mutually agreed with the Fund but no later than the last day of December 2021 (the "Reimbursement End Date"). As the Fund allocates expenses on a Fund-wide basis (other than class specific expenses, such as the shareholder servicing fees) each class of shares will benefit from the Operating Expense Cap even though it is measured by the impact on the Class O Shares expense ratio. For the avoidance of doubt, shareholder servicing fees and other class specific expenses, if any, are not reduced by the Operating Expense Cap, and accordingly, will be in addition to the reduced amount.

SkyBridge Key Professionals

Biographies

Anthony Scaramucci

Managing Partner

Anthony Scaramucci is Founder and Managing Partner of SkyBridge Capital. He is the author of four books: *The Little Book of Hedge Funds*, *Goodbye Gordon Gekko*, *Hopping Over the Rabbit Hole* (a 2016 *Wall Street Journal* best seller), and *Trump: The Blue Collar President*.

Prior to founding SkyBridge in 2005, Mr. Scaramucci co-founded investment partnership Oscar Capital Management, which was sold to Neuberger Berman, LLC in 2001. Earlier, he was a vice president in Private Wealth Management at Goldman Sachs & Co.

In 2016, Mr. Scaramucci was ranked #85 in *Worth Magazine's* Power 100: The 100 Most Powerful People in Global Finance. In 2011, he received Ernst & Young's "Entrepreneur of the Year – New York" Award in the Financial Services category. Mr. Scaramucci is a member of the Council on Foreign Relations (CFR), vice chair of the Kennedy Center Corporate Fund Board, a board member of both The Brain Tumor Foundation and Business Executives for National Security (BENS), and a Trustee of the United States Olympic and Paralympic Foundation. He was a member of the New York City Financial Services Advisory Committee from 2007 to 2012.

In November 2016, he was named to President-Elect Trump's 16-person Presidential Transition Team Executive Committee. In June 2017, he was named the Chief Strategy Officer of the EXIM Bank. He served as the White House Communications Director for a period in July 2017.

Mr. Scaramucci holds a Bachelor of Arts degree in Economics from Tufts University and a Juris Doctor from Harvard Law School.

Brett S. Messing

Partner, President, Chief Operating Officer

Brett S. Messing is a Partner and the President and Chief Operating Officer of SkyBridge Capital. He began his career at Goldman Sachs where he held various positions including Vice President and Co-Head of the Restricted Stock Group. Thereafter, he was a partner at Oscar Capital Management, which was acquired by Neuberger Berman, LLC. Following the successful integration of the business, Mr. Messing founded GPS Partners, a $2.5 billion hedge fund at its peak, which focused primarily in the energy infrastructure sector. Mr. Messing was the firm's Managing Partner and Chief Investment Officer. Thereafter, Mr. Messing worked for Los Angeles Mayor Antonio R. Villariagosa as Co-Chief Operating Officer responsible for economic and business policy. Mr. Messing served as a Senior Advisor to Mayor Michael R. Bloomberg at C40 Cities, a joint venture with the Clinton Climate Initiative. Mr. Messing is the Terence M. Considine Visiting Senior Research Fellow in Law, Economics, and Business at Harvard Law School. He is the co-author of *The Forewarned Investor* and contributed to *Learning from the Global Financial Crisis - Creatively, Reliably and Sustainably*, a compendium published by Stanford Business School. Mr. Messing received his A.B. from Brown University, magna cum laude, and his Juris Doctor from Harvard Law School.

Raymond Nolte

Partner, Co-Chief Investment Officer, Member, SOZ REIT Board of Directors

Ray Nolte is a Partner and Co-Chief Investment Officer of SkyBridge Capital. He is also Chairman of the Manager Selection, Portfolio Allocation and Real Estate Investment committees. He also serves as a Member of the SkyBridge Opportunity Zone REIT Board of Directors. Prior to SkyBridge's acquisition of the Hedge Fund Management Group of Citigroup Alternative Investment, LLC (CAI) in June 2010, Mr. Nolte served as Chief Executive Officer and Chief Investment Officer of the Group as well as Chairman of its Investment Committee. Earlier, Mr. Nolte worked at Deutsche Bank, where he served as the Global Head and CIO of the DB Absolute Return Strategies (ARS) Fund-of-Funds business, Chairman of its Investment Committee, Vice Chairman of DB ARS and Head of the Single Manager Hedge Fund business.

Mr. Nolte started his career at Bankers Trust Company in 1983 and was named head of Global Portfolio Management in 1994. He launched the bank's Fund-of-Funds group in 1996.

Mr. Nolte received his B.B.A. in Finance from George Washington University.

SkyBridge Key Professionals

Biographies

Troy A. Gayeski, CFA

Partner, Co-Chief Investment Officer, Senior Portfolio Manager

Troy A. Gayeski, CFA, is a Partner, Co-Chief Investment Officer, and Senior Portfolio Manager at SkyBridge Capital. As Co-CIO, Mr. Gayeski has oversight of all the firm's investment activities. As Senior Portfolio Manager, Mr. Gayeski continues to manage the firm's discretionary fund of hedge fund portfolios, including Series G, Legion, G II, Opportunity, IDF and institutional separate accounts. He is also a member of the Portfolio Allocation and Real Estate Investment committees. Mr. Gayeski's responsibilities include portfolio management, manager sourcing, research and due diligence across a wide variety of alternative investment strategies. A regular speaker and commentator, Mr. Gayeski appears as a frequent guest on various broadcast networks including Bloomberg News, Fox Business Network, and CNBC. Prior to joining SkyBridge in June 2010, he performed similar duties in the Hedge Fund Management Group at Citigroup Alternative Investments (CAI), Bank of America and Yankee Advisers. Mr. Gayeski received a B.S. in Chemical Engineering from MIT and is a CFA charterholder.

Robert W. Duggan, CFA

Partner, Senior Portfolio Manager

Robert W. Duggan, CFA, is a Partner and Senior Portfolio Manager at SkyBridge Capital. As Senior Portfolio Manager, Mr. Duggan has oversight of the firm's discretionary portfolios and institutional separate accounts. He is also a member of the Portfolio Allocation and Real Estate Investment committees. Mr. Duggan's responsibilities include portfolio management, manager sourcing, research and due diligence across a wide variety of alternative investment strategies. Prior to joining SkyBridge in June 2010, Mr. Duggan performed the same function in the Hedge Fund Management Group at Citigroup Alternative Investments (CAI). Before joining CAI, he was a senior analyst at International Asset Management (IAM), where he was responsible for sourcing and monitoring the firm's US based hedge fund investments across a broad range of investment strategies. Prior to IAM, Mr. Duggan held research analyst roles at Northern Trust Global Advisors and Alpha Investment Management. Mr. Duggan received a B.A. in Economics from Fordham University and is a CFA charterholder.

Daniel Barile, CFA

Partner, Portfolio Manager, Senior Investment Analyst

Daniel Barile, CFA, is a Partner, Portfolio Manager and Senior Investment Analyst at SkyBridge Capital. As a Portfolio Manager, Mr. Barile is responsible for oversight of the SkyBridge Opportunity Zone REIT. As a Senior Investment Analyst, Mr. Barile is responsible for manager sourcing, research and due diligence across a wide variety of alternative investment strategies. He is also a member of the Real Estate Investment committee. Prior to joining SkyBridge in June 2010, Mr. Barile was responsible for manager due diligence in the Hedge Fund Management Group at Citigroup Alternative Investments (CAI). Prior to joining CAI, Mr. Barile covered traditional and alternative asset managers from a variety of perspectives at Fitch Ratings and Merrill Lynch Investment Managers (now BlackRock). Mr. Barile received a B.S. in Management with a concentration in Finance from Binghamton University and holds the Chartered Financial Analyst (CFA) and Chartered Alternative Investment Analyst (CAIA) designations.

Tatiana Segal

Partner, Head of Risk Management

Tatiana Segal is a Partner and the Head of Risk Management at SkyBridge Capital. She is also a member of the Manager Selection, Portfolio Allocation and Real Estate Investment committees. Ms. Segal's responsibilities include design and implementation of SkyBridge's risk management framework, as well as manager due diligence. Prior to joining SkyBridge in 2011, she was a Managing Director and Chief Risk Officer at Cerberus Capital Management. Before joining Cerberus, she held a Chief Risk Officer position with Diamond Lake Investment Group and previously worked at Citigroup Alternative Investments, where she was responsible for an independent risk oversight of a multi-billion hedge funds and fund-of-funds portfolio. She commenced her career at BlackRock after graduating from Columbia University with a B.A. in Economics. Ms. Segal is a Co-Chair of Risk PAG NY for 100 Women in Finance, as well as a contributing member of DCRO council. She serves as a board member of the Tenement Museum and NY Landmark Conservancy.

SkyBridge Key Professionals

Biographies

A. Marie Noble

Partner, Chief Compliance Officer, General Counsel

Marie Noble is a Partner, Chief Compliance Officer and General Counsel. Prior to joining SkyBridge in November 2010, Ms. Noble was an Associate General Counsel at Citigroup Alternative Investments (CAI), where she was lead counsel supporting various hedge fund platforms managed by CAI's registered investment adviser. Ms. Noble joined CAI in 2006 after spending six and a half years practicing corporate law in the New York and London Offices of Cleary, Gottlieb, Steen & Hamilton, where her primary focus was on domestic and international securities transactions.

Ms. Noble is a member of the board of directors of Volunteer Lawyers for the Arts, a preeminent legal aid organization providing pro bono legal representation to artists, designers and nonprofit arts and cultural organizations.

Ms. Noble received a B.A. degree magna cum laude and Phi Beta Kappa from Bucknell University and a Juris Doctor degree cum laude from Boston University where she served as Note Editor on the Boston University Law Review.

Eric Alper

Partner, Deputy General Counsel, Tax Director

Eric Alper joined SkyBridge in 2009 and is a Partner, Deputy General Counsel and Tax Director at SkyBridge focusing on legal, operational and tax issues as well as new product development. Immediately prior to joining SkyBridge, Mr. Alper was the Chief Financial Officer and Chief Operating Officer at U Capital Group, LP, which was one of SkyBridge's seeded hedge fund managers. Prior to U Capital, he was Chief Financial Officer at Weston Capital Management, Vice President of Hedge Fund Accounting at Ivy Asset Management, and Vice President and Tax Counsel at Neuberger Berman. Earlier in his career, Mr. Alper worked for two multi-national corporations and two national public accounting firms specializing in tax law and accounting. Mr. Alper received a BBA with a concentration in accounting from The Ross School of Business at the University of Michigan, a JD from The Washington College of Law at American University, and a LLM in Taxation from Georgetown University Law Center. He is licensed as a Certified Public Accountant and attorney with the State of New York.

Chris Hutt

Partner, Head of Hedge Fund Administration and Operations

Christopher Hutt is a Partner and the Head of Hedge Fund Administration and Operations. Mr. Hutt is responsible for managing the operations for the SkyBridge product suite and is also the product manager for the fund of hedge fund products and managed accounts. Prior to this role, Mr. Hutt was Director of Hedge Fund Operations within the Hedge Fund Management Group at Citigroup Alternative Investments (CAI). Prior to joining CAI in 2004, Mr. Hutt held various product management positions at Morgan Stanley & Co. and JPMorgan Chase over an eight year span.

Mr. Hutt received a B.A. from the State University of New York at Cortland.

Robert Phillips

Partner, Chief Financial Officer

Robert Phillips is a Partner and the Chief Financial Officer. Prior to joining SkyBridge in 2007, Mr. Phillips served as the Executive Vice-President and Chief Financial Officer of two investment management companies--Lucerne Management, LLC and Coventry Capital, LLC. Prior to 2001, Mr. Phillips served as the Executive Vice-President and Chief Financial Officer of a publicly held bio-pharmaceutical contract service organization where he was responsible for all finance, accounting, SEC reporting, and investor relation functions. Mr. Phillips began his career as an auditor and spent 8 years with BDO Seidman, LLP, a national professional services firm which provides assurance, tax, financial advisory and consulting services to a wide range of publicly traded and privately held companies. He earned a B.A. degree in Accounting from Upsala College in 1984.

Westport Key Professionals

Biographies

Russel S. Bernard

Managing Principal

Prior to founding Westport in 2005, Mr. Bernard was a Principal at Oaktree and the Portfolio Manager for Oaktree's real estate funds. He was responsible for the management of a series of closed-end real estate funds with over $2 billion in total committed capital. Prior to joining Oaktree in 1995, Mr. Bernard was a Managing Director at TCW and Portfolio Manager of the TCW Special Credits Distressed Mortgage Fund. Prior to that, he was a partner at Win Properties, Inc., a national real estate investment company, for eight years. Before joining Win Properties, Mr. Bernard was with Time Equities, Inc., a New York real estate company, for three years. He began his career as a Staff Accountant at Price Waterhouse in New York. Mr. Bernard has been on several corporate and university and charity boards. Mr. Bernard holds a B.S. in Business Management and Marketing from Cornell University.

Sean F. Armstrong, CFA

Principal and Portfolio Manager

Prior to joining Westport in 2006, Mr. Armstrong was a Managing Director at Oaktree and one of the real estate group's senior professionals. His responsibilities included the acquisition and management of numerous property and debt investments, and he participated in several complex asset-level and company-level debt restructurings. Mr. Armstrong also spearheaded Oaktree's real estate investments in Japan and Europe. Prior to joining Oaktree in 1995, Mr. Armstrong was a Vice President in the TCW Special Credits real estate group. Mr. Armstrong was among the first professionals hired at the creation of the Special Credits real estate group in 1994. Before joining the real estate group, Mr. Armstrong worked for two years as a credit analyst in TCW's high yield bond group. During that time, Mr. Armstrong developed very strong credit analysis skills, which were employed in the analysis of many investment opportunities in the TCW and Oaktree real estate funds. Mr. Armstrong was formerly a director of Lodgian, Inc., a Delaware corporation that was listed on the American Stock Exchange. Mr. Armstrong graduated with a B.S. in Biomedical Engineering magna cum laude from the University of Southern California, where he was elected to Phi Beta Kappa. He went on to earn an M.B.A. in Finance magna cum laude, also from the University of Southern California. He is a Chartered Financial Analyst.

Wm. Gregory Geiger

Principal and Portfolio Manager

Before joining Westport in 2006, Mr. Geiger was a Managing Director at Oaktree and one of the real estate group's senior professionals. He was principally responsible for making property investments, including several large development and entitlement projects that required complex negotiations with private and governmental agencies to achieve successful outcomes. He also has worked on numerous debt restructurings that have required resolving bankruptcy and other litigation issues. Mr. Geiger joined Oaktree in 1995 after serving as a Vice President in the TCW Special Credits real estate group. Prior to joining TCW, Mr. Geiger spent two years with the national real estate consulting and brokerage firm of Julien J. Studley, Inc. and six years with Langdon Rieder Corporation, a Los Angeles-based consulting firm, where he represented corporate clients in the acquisition of office and industrial facilities. Mr. Geiger holds a B.S. in Mechanical Engineering from Cornell University and an M.B.A. in Real Estate Finance from the Anderson School of Management at UCLA. Mr. Geiger is a licensed Professional Engineer and an instrument rated pilot.

Jordan Socaransky

Principal and Portfolio Manager

Prior to joining Westport in 2006, Mr. Socaransky spent four years as an associate in the real estate group at Oaktree. His experience includes the acquisition, management and disposition of both property and debt investments. Prior to Oaktree, Mr. Socaransky was an Analyst in Salomon Smith Barney's Global Real Estate and Lodging Investment Banking Group for two years, specializing in mergers, acquisitions and capital raising. Mr. Socaransky holds an Honors Business Administration Degree from the Richard Ivey School of Business at the University of Western Ontario, Canada.

Westport Key Professionals

Biographies

Peter Aronson

Principal

Prior to joining Westport in 2006, Mr. Aronson was a Managing Director at Oaktree's Japanese and German affiliates. Mr. Aronson joined Oaktree in 1998 and helped lead Oaktree's real estate efforts in Japan and Germany. Mr. Aronson helped open Oaktree's Tokyo office in 1998, where he worked until 2004 when he moved to Oaktree's Frankfurt office. In both locations, Mr. Aronson was responsible for leading the sourcing, underwriting, acquisition, management and disposition of both distressed debt and property investments. Prior to joining Oaktree, Mr. Aronson was an associate for five years at the law firm of Paul, Hastings, Janofsky & Walker LLP, where his practice focused on general real estate transactions. Mr. Aronson received a B.A. degree magna cum laude from The American University and a J.D. cum laude from Georgetown University Law Center. He is a member of the State Bar of California.

Marc Porosoff

Principal and General Counsel

Prior to joining Westport in 2006, Mr. Porosoff was a Senior Vice President, Legal in the real estate group at Oaktree. At Oaktree, Mr. Porosoff was primarily responsible for legal aspects of the due diligence, acquisition, management, financing and disposition of the real estate group's domestic and international property and debt investments. Prior to joining Oaktree in 1996, Mr. Porosoff was an associate at the law firm of Debevoise & Plimpton for five years, specializing in real estate and corporate matters. Mr. Porosoff holds a B.A. in Economics from Wesleyan University and a J.D. from the University of Chicago Law School. Mr. Porosoff is admitted to the New York State Bar and is registered as Authorized House Counsel in Connecticut.

Howard B. Fife

Principal and Head Trader

Prior to joining Westport in 2006, Mr. Fife worked in the institutional high yield and distressed debt department at Jefferies & Co. At Jefferies, Mr. Fife worked with some of the largest hedge funds, providing trading and investment ideas. From 1994 to 2000, he worked at Lazard, Freres & Co. in their distressed debt sales and trading group, finishing as a Director and Sales Manager. In 2002, Mr. Fife was part of the team that successfully launched the Lazard Debt Recovery Fund, a vehicle that focused on investments in distressed corporate debt. From 1985 to 1994, he worked as an institutional bond salesman for Prudential Securities and DLJ, focusing on distressed and corporate debt, respectively. At Westport, Mr. Fife continues to use his contacts around Wall Street and the investment community to generate investment ideas. Mr. Fife holds a B.A. from Brown University and an M.B.A. from the Leonard N. Stern School of Business at New York University.

Westport Key Professionals

Biographies

Marian Curtis

Senior Vice President, Member, SOZ REIT Board of Directors

Ms. Curtis joined Westport in 2011 and is responsible for aspects of the due diligence, acquisition, management, financing and disposition of the firm's property investments. Se also serves as a Member of the SkyBridge Opportunity Zone REIT Board of Directors. Before joining Westport, Ms. Curtis was an associate at the law firm of Goodwin Procter LLP for over four and a half years, where she represented domestic and foreign investors, fund sponsors, institutional investment advisors and investment banks in a variety of real estate transactions. Prior to Goodwin Procter, Ms. Curtis was an associate at the law firm of Herrick, Feinstein LLP for two years. Ms. Curtis holds a B.A. in Sociology magna cum laude from Bowdoin College and a J.D. cum laude from Brooklyn Law School. Ms. Curtis is admitted to the New York State Bar and is registered as Authorized House Counsel in Connecticut.

Steven A. Russell

Principal and Chief Administrative Officer

Prior to joining Westport in 2005, Mr. Russell spent seven years as the Global Chief Information Officer for Christie's, where he had responsibility for planning and executing an IT strategy in support of maintaining Christie's prominence as the world's largest and most prestigious auction house. Prior to joining Christie's, Mr. Russell was the Vice President of Information Services with the American Society of Composers, Authors, and Publishers (ASCAP) where he was responsible for information technology with particular emphasis on executing a strategy in support of a corporate re-engineering effort. Before ASCAP, Mr. Russell was with Bankers Trust Company, managing the design, development, and maintenance of a variety of systems which provided domestic cash management services to the bank's corporate customers. Mr. Russell received a B.S. in Computing and Information Science and an M.S. in Information Science, both from Lehigh University.

Annex I - Risks Related to the Uncertainty of and Compliance with the QOF Rules and Qualification as a REIT

General

SOZ REIT was formed for the purpose of benefiting from the QOF program, and presently intends to conduct its operations so that it is treated as a QOF within the meaning of Subchapter Z ("Subchapter Z") of the Internal Revenue Code (the "Code"). However, no assurances can be provided that SOZ REIT will qualify as a QOF or that, even if it does qualify, the tax benefits enumerated in "Summary of Principal Terms—Potential Opportunity Zone Tax Benefits" in the Private Placement Memorandum (the "PPM") will be available to any particular investor in SOZ REIT.

There are numerous aspects of Subchapter Z and the "Tax Cuts and Jobs Act" (the "TCJA") that are subject to interpretation and that will require clarification by the U.S. Department of the Treasury (the "Treasury"). While the proposed Treasury regulations regarding qualified opportunity zones (the "Proposed Regulations") were released on October 19, 2018, such regulations do not address many important issues and numerous issues remain with respect to the topics addressed by such regulations. Although the government has announced it will release additional guidance, it is unclear when any additional guidance will be released, or in what manner the Treasury will resolve the many areas of uncertainty in the QOF program. Technical corrections legislation also may be needed from Congress to clarify certain provisions of the TCJA and to give proper effect to congressional intent. No assurance can be provided that additional legislation will be enacted, and even if enacted, additional legislation may not clearly address all items that require or would benefit from clarification.

SOZ REIT may change its acquisition program, its strategies, and the investments or types of investments it may make at any time and from time to time in order to comply with any additional legislation or administrative guidance from Congress or the Treasury. Changes may cause SOZ REIT to incur significant costs and/or avoid (or execute on) transactions it otherwise would not have, which could have a material adverse effect on the performance of SOZ REIT. However, SOZ REIT may determine not to, or may be unable to, comply with the additional legislation or administrative guidance in a manner that will allow investors in SOZ REIT to derive any or all of the tax benefits associated with the QOF program. Although SOZ REIT currently expects to manage its acquisition program in order to qualify as a QOF, no assurance can be provided in this regard. Further, even if SOZ REIT qualifies as a QOF, SOZ REIT may determine to manage its acquisition program in a manner that prevents any or all of its investors from continuing to receive any or all of the tax benefits of the QOF program described in "Summary of Principal Terms—Potential Opportunity Zone Tax Benefits" in the PPM.

In the event that under additional legislation or administrative guidance, SOZ REIT will be unable to qualify as a QOF or provide investors with the anticipated tax benefits due to SOZ REIT's current or anticipated structure, strategies and/or practices (or otherwise), the Board of Directors of the Fund (the "Board"), in consultation with the Adviser and the Sub-Adviser, generally will have a duty to consider whether any changes to SOZ REIT or its investment program may be made in order for SOZ REIT to qualify as a QOF, but will have no obligation to make any such change.

In addition, in the event that additional legislation is not enacted or administrative guidance is not provided in respect of a particular matter relating to Subchapter Z, SOZ REIT may take certain actions based on its assumptions regarding the interpretation of certain provisions in Subchapter Z and the IRS may assert positions contrary to these assumptions, which could have an adverse impact on SOZ REIT, its status as a QOF, and the tax benefits otherwise afforded to the investors in SOZ REIT under Subchapter Z.

AS A RESULT OF THE FOREGOING, THERE CAN BE NO GUARANTEE THAT INVESTORS WILL BE ABLE TO TAKE ADVANTAGE OF ANY OF THE POTENTIAL TAX BENEFITS DESCRIBED IN THE PPM.

Complying with QOF Regulations Could Have a Material Adverse Effect on SOZ REIT's Performance

Complying with Subchapter Z and any legislation or administrative guidance issued in connection with Subchapter Z could have a material adverse effect on the performance of SOZ REIT and/or some or all of the Fund's Shareholders. For example, in order for Shareholders to be able to take advantage of certain of the tax benefits afforded to them under Subchapter Z, SOZ REIT may hold an asset for a longer period of time than the Adviser or the Sub-Adviser would otherwise determine to be optimal absent legislation. The permitted acquisitions that a QOF may make under Subchapter Z are highly limited, which may result in the Adviser and the Sub-Adviser being unable to source attractive opportunities, SOZ REIT's property portfolio being highly concentrated and/or SOZ REIT not taking advantage of opportunities the Adviser or the Sub-Adviser may find attractive, but that do not comply with the permitted acquisitions under the legislation.

Annex I - Risks Related to the Uncertainty of and Compliance with the QOF Rules (cont.)

In addition, as further described in "Certain Tax Considerations—Qualified Opportunity Fund Tax Benefits—Opportunity Zones and Qualifying as a QOF" in the PPM, a QOF, as defined in Section 1400Z-2(d) of the Code, is any investment vehicle that (i) is organized as either a corporation or a partnership for the purpose of investing in "qualified opportunity zone property" (within the meaning of Section 1400Z-2(d)(2) of the Code) ("QOZP") and (ii) holds at least 90% of its assets in QOZP (the "90-Percent Test"). The 90-Percent Test is applied by measuring the average of the percentage of QOZP held by the QOF (i) on the last day of the first six-month period of each taxable year of the QOF and (ii) on the last day of each taxable year of the QOF. For purposes of the 90-Percent Test, the Proposed Regulations do not treat cash held directly by a QOF as QOZP. QOZP includes certain interests in "qualified opportunity zone businesses" (or "QOZBs") and the Proposed Regulations establish, in the context of defining a "qualified opportunity zone business", a 31-month working capital safe harbor for businesses that acquire, construct, or rehabilitate tangible business property in a QOZ. The safe harbor allows a QOF, in determining whether a business in which the QOF has invested is a QOZB, to treat the business's cash, cash equivalents, and debt instruments with a term of 18 months or less as working capital that does not disqualify the business from being a QOZB provided that certain requirements have been satisfied, including: (i) the business has a written plan that identifies the working capital as property held for the acquisition, construction, or substantial improvement of tangible property in the opportunity zone, (ii) the business has a written schedule showing that the working capital will be used within 31 months, and (iii) the business substantially complies with the schedule.

As a result of the above, SOZ REIT may, directly or indirectly, be unable to fulfill ongoing expenses related to its operations and investments, including property development or improvement costs, which could have a material adverse effect on SOZ REIT and its portfolio. Further, because SOZ REIT may be unable to directly hold the cash necessary to fund development costs or other ongoing expenses associated with investments, and may be unable to indirectly hold such cash for longer than 31 months, SOZ REIT may be limited in the types of investments in which SOZ REIT can participate. In the event that SOZ REIT is unable to deploy the necessary capital to meet these obligations, the value of SOZ REIT's investments may be significantly diminished. In addition, under these circumstances, the Adviser will be incentivized to invest SOZ REIT's cash in Underlying Vehicles on an expedited basis in order to meet the 90-Percent Test, which may limit SOZ REIT's ability to perform thorough due diligence on any potential acquisitions, result in SOZ REIT making acquisitions that the Adviser would not otherwise have made absent this restriction, or result in SOZ REIT's portfolio being highly concentrated. See "Certain Risk Factors—Expedited Transactions; Limited Due Diligence" in the PPM.

Failure to Qualify as a QOF

No assurance can be provided that SOZ REIT will qualify as a QOF. See "Certain Tax Considerations—Qualified Opportunity Fund Tax Benefits—Opportunity Zones and Qualifying as a QOF" in the PPM for certain disclosures related to uncertainties in connection with the rules relating to qualification as a "qualified opportunity fund."

In addition, notwithstanding the fact that SOZ REIT has been organized for the purpose of investing in QOZP, the Adviser or the Sub-Adviser may determine at any time to engage in a transaction or practice on behalf of SOZ REIT that ultimately causes SOZ REIT to fail to qualify as a QOF (either at the time of the investment or at a later time), results in the imposition of federal income tax penalties on SOZ REIT for failure to comply with the 90-Percent Test, and/or results in some or all of the Fund Shareholders being unable to receive all or a portion of the tax benefits associated with investing in a QOF. For example, the Adviser or the Sub-Adviser may determine, in their discretion, to sell an asset on behalf of SOZ REIT even if the sale may cause some or all of the Fund Shareholders to recognize U.S. federal income tax and/or fail to receive some or all of the benefits of Subchapter Z. In addition, the Board may determine, at any time, to cease managing SOZ REIT in a manner designed to qualify SOZ REIT as a QOF and/or provide investors in SOZ REIT with the tax benefits associated with QOFs set forth in Subchapter Z. The Board has duties to SOZ REIT and could only cause changes in the management of SOZ REIT if it determines in good faith that the changes are in the best interest of SOZ REIT. There can be no guarantee that SOZ REIT will qualify as a QOF, that a Shareholder will be a Qualified Shareholder (as defined below), or that, if treated as a Qualified Shareholder, it will be able to realize, through an investment in SOZ REIT, any of the potential tax benefits described in this Memorandum. Please read "Certain Tax Considerations—Qualified Opportunity Fund Tax Benefits" in the PPM carefully, which describes additional risks regarding Subchapter Z and compliance with the QOF rules and regulations.

Gains From Property Held Indirectly by Shareholders

A Qualified Shareholder is eligible to receive the potential tax benefits of Subchapter Z to the extent it invests eligible capital gain realized from the sale to, or exchange with, an unrelated person of any property held by such Shareholder within 180 days of the date of such sale or exchange. Eligible capital gain does not include (i) certain gains from "section 1256 contracts" and (ii) any capital gain from a position that is or has been part of an "offsetting-positions transaction." With respect to property held indirectly by a Shareholder through interests in partnerships or other pass-through entities for U.S. federal income tax purposes, the Proposed Regulations provide that a Qualified Shareholder is eligible to receive the potential benefits of Subchapter Z to the extent it invests eligible capital gain realized from an indirect sale through such an entity, but only if such pass-through entity does not elect to defer the gain at the entity level and the gain is from a sale to, or exchange with, a person unrelated to the Qualified Shareholder and such pass-through entity.

Annex I - Risks Related to the Uncertainty of and Compliance with the QOF Rules (cont.)

To the extent a Qualified Shareholder invests capital gain realized from the sale to, or exchange with, an unrelated person of property held indirectly (through, for example, such entities listed above), the 180-day window generally begins on the last day of the partnership's taxable year in which such sale or exchange occurred, but the Qualified Shareholder may elect for its 180-day window for such gain to begin on the day such sale or exchange occurred.

Capital Gain from an Offsetting-Positions Transaction Is Not Eligible for QOZ Tax Benefits

The Proposed Regulations provide that any capital gain from a position that is or has ever been part of an "offsetting-positions transaction" is not eligible to receive QOZ tax benefits upon investment in a QOF. For this purpose, an "offsetting-positions transaction" means (i) any straddle and (ii) any other transaction in which a taxpayer has substantially diminished its risk of loss from holding one position with respect to personal property by holding one or more other positions with respect to personal property (whether or not of the same kind), regardless of whether either of the positions is with respect to actively traded personal property. Investors may have difficulty determining whether their capital gain is from a position that has ever been part of an offsetting-positions transaction. Each prospective investor is advised to consult with its own tax advisers with respect to these determinations.

Ten-Year Holding Period

One of the potential benefits of investing in a QOF is the exclusion from income of any appreciation in the value of Shares held by an investor for at least 10 years upon disposition of his or her Shares. This exclusion of investor-level gain is effectuated through a basis adjustment and provides that, in the case of any investment in Qualified Shares (as defined in the PPM) held by an investor for at least 10 years, the basis of the investor's Shares will be equal to the fair market value of the Shares on the date that they are sold or exchanged. SOZ REIT expects that investors can take advantage of the basis adjustment in the event that the investor's Qualified Shares are redeemed or repurchased or SOZ REIT is dissolved or liquidated, in each case if the Qualified Shares have been held by the investor for at least 10 years; provided, however, that the Treasury and the IRS may provide otherwise in published guidance and the IRS may interpret the law differently, even in the absence of published guidance on this point. It should be noted that this exclusion is only available in connection with the disposition of Shares held by an investor for more than 10 years—it would not, for example, allow investors to avoid recognizing income in connection with SOZ REIT's distribution of the proceeds of a disposition of any of the assets in its portfolio. The Proposed Regulations provide that the ability to make such an election is not impaired solely because the QOZs in which SOZ REIT invested have ceased to be designated as QOZs, as long as the Qualified Shares are sold or exchanged on or prior to December 31, 2047.

As further described in the Fund's Shareholders' Agreement, SOZ REIT will have a right to cause all Shareholders to sell their Shares in a single transaction or a series of related transactions pursuant to a Public Listing or Sale (as defined therein). Investors also should be aware that any sale is subject to compliance with registration requirements of the Securities Act or exemptions available from the Securities Act. However, SOZ REIT has no obligation to exercise this option, and no assurance can be provided that SOZ REIT will find a purchaser for the Shares or that a Public Listing or Sale will be successful. Even if SOZ REIT is able to find a purchaser for the Shares, the price at which any Shares would be sold may be substantially less than the price SOZ REIT would have received had it sold each of the investments in SOZ REIT's portfolio on a property-by-property basis. See "Certain Risk Factors—Illiquidity" in the PPM.

Further, no assurance can be provided that SOZ REIT will redeem or repurchase Shares held by investors, or dissolve, at a time when each investor in SOZ REIT has held its Shares for at least 10 years. In addition, because of the multi-year offering period of SOZ REIT, SOZ REIT may redeem or repurchase Shares in SOZ REIT, or dissolve, at a time when certain investors have held their Shares for at least 10 years, but others have not. Further, at any time during the life of SOZ REIT, SOZ REIT may sell or otherwise dispose of an asset, which may result in Shareholders recognizing income in connection with SOZ REIT's distribution of the proceeds of this disposition (and therefore mitigate the potential tax benefits to Shareholders described above). See "Certain Tax Considerations" in the PPM.

Phantom Income

Under Subchapter Z, Qualified Shareholders may elect to defer certain capital gains until the Deferral Recognition Event (defined in the PPM), at which point the taxpayer will recognize an amount equal to the Deferral Recognition Amount (defined in the PPM). At the time of the Deferral Recognition Event an investor may have a zero or very low basis in its Shares in SOZ REIT, and thus realize a substantial amount of taxable income without a corresponding distribution from SOZ REIT to pay any taxes due. No assurance can be provided that any Shareholder will receive corresponding distributions from SOZ REIT in order to assist the Shareholder in satisfying any such tax obligation payments, and each Shareholder should expect to be required to pay such tax obligations from the Shareholder's own assets, rather than from amounts paid to the Shareholder by SOZ REIT.

Annex I - Risks Related to the Uncertainty of and Compliance with the QOF Rules (cont.)

Timing of Subscription and Potential Tax Benefits

To be eligible for the QOF benefits, a prospective shareholder must invest in SOZ REIT within 180 days after realizing eligible capital gain from the sale or exchange of property held by the prospective shareholder. There can be no guarantee, however, that SOZ REIT will accept any requested subscription or that subscriptions will be available on any given subscription date. A prospective shareholder may intend to subscribe for Shares within the requisite 180-day period but ultimately may be unable to do so for a variety of reasons, including that SOZ REIT or its agents may have rejected or delayed the subscription with or without notice or explanation. SOZ REIT and its agents accept no liability for any lost benefits or other losses associated with a failure of any Shareholder or prospective shareholder to satisfy the QOF 180-day requirement, which is solely the responsibility of such Shareholder or prospective shareholder.

Future Legislation

It is possible that future legislation will be enacted that would repeal Subchapter Z, prematurely end the deferral of gain that has been reinvested in Qualified Shares, take away or curtail the ability of Qualified Shareholders to eliminate gain from the sale or exchange of Qualified Shares, or severely limit the types of investments that will qualify as QOZP. No assurances can be provided that the legislation will not be enacted.

Risks Associated with SOZ REIT's REIT Status

General

SOZ REIT will not make acquisitions it knows at the time raise qualification or penalty tax issues under the REIT provisions of the Code. Shareholders should be aware, however, that acquisitions that do not appear to present issues under the REIT requirements at origination may later, due to change of circumstance, change of law, change of market opportunities or change of business plan for an acquisition, or other reasons, present issues for REIT qualification.

Failure to Qualify as a REIT

SOZ REIT expects to operate so that it qualifies as a REIT under the Code. However, qualification as a REIT involves the application of highly technical and complex Code provisions for which only a limited number of judicial or administrative interpretations exist. Notwithstanding the availability of cure provisions in the Code, various compliance requirements could be failed and could jeopardize SOZ REIT's REIT status. New tax legislation, administrative guidance or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible for SOZ REIT to qualify as a REIT. If SOZ REIT fails to qualify as a REIT in any tax year, then (a) SOZ REIT would be taxed as a regular domestic corporation, which under current laws, among other things, means being unable to deduct distributions to investors in computing taxable income and being subject to U.S. federal income tax on SOZ REIT's taxable income at regular corporate income tax rates; (b) any resulting tax liability could be substantial and could have a material adverse effect on SOZ REIT's book value; (c) unless SOZ REIT is entitled to relief under applicable statutory provisions, SOZ REIT will be required to pay taxes, and therefore, the cash available for distribution to investors would be reduced for each of the years during which SOZ REIT did not qualify as a REIT and for which SOZ REIT had taxable income; and (d) SOZ REIT generally would not be eligible to requalify as a REIT for the subsequent four full taxable years.

Tax Risk Associated with Shareholder Servicing Fees

In order for SOZ REIT's distributions to be counted as satisfying the annual distribution requirement for REITs and to provide it with the REIT-level tax deduction, the distributions must not have been "preferential dividends." A dividend is not a preferential dividend if that distribution is: (i) pro rata among all outstanding shares within a particular class; and (ii) in accordance with the preferences among different classes of stock as set forth in the Fund's Charter. In certain situations, the IRS has taken the view that when a REIT charges different fee rates to different investors, this results in preferential dividends. While the matter is not free from doubt, SOZ REIT does not believe that the differential charges borne by different classes of Company stock should cause SOZ REIT to be treated as paying preferential dividends. If SOZ REIT is treated as paying preferential dividends, SOZ REIT would not be entitled to a dividends-paid deduction for any such preferential dividends, and as a result could incur corporate tax and/or fail to qualify as a REIT.

Annex I - Risks Related to the Uncertainty of and Compliance with the QOF Rules (cont.)

Costs Associated with Maintaining REIT Status

To qualify as a REIT, SOZ REIT generally must distribute annually to investors a minimum of 90% of SOZ REIT's net taxable income, determined without regard to the dividends-paid deduction and excluding net capital gains. SOZ REIT will be subject to regular corporate income taxes on any undistributed REIT taxable income each year. Additionally, SOZ REIT will be subject to a 4% nondeductible excise tax on any amount by which distributions paid in any calendar year are less than the sum of 85% of SOZ REIT's ordinary income, 95% of SOZ REIT's capital gain net income and 100% of SOZ REIT's undistributed income from previous years. Payments made to SOZ REIT's investors under SOZ REIT's Repurchase Plan will not be taken into account for purposes of these distribution requirements, except to a limited extent. If SOZ REIT does not have sufficient cash to make distributions necessary to preserve REIT status for any year or to avoid taxation, SOZ REIT may be forced to borrow funds or sell assets even if the market conditions at that time are not favorable for these borrowings or sales. These options could increase SOZ REIT's costs or reduce SOZ REIT's equity. Moreover, any preferred shares to be sold to preferred shareholders in order to maintain SOZ REIT's REIT status will accrue dividends at a rate of 12.5% of the liquidation preference per preferred share plus accrued and unpaid dividends thereon and a preference on liquidation in the amount of $1,000 per preferred share plus accrued and unpaid dividends. Payments and accruals to preferred shareholders will reduce SOZ REIT's NAV.

Complying with REIT Requirements Could Have a Material Adverse Effect on SOZ REIT's Performance

To qualify as a REIT, SOZ REIT is required to satisfy tests relating to, among other things, the sources of SOZ REIT's income, the nature and diversification of SOZ REIT's assets, the ownership of SOZ REIT's stock and the amounts distributed to investors. Compliance with the REIT requirements may impair SOZ REIT's ability to operate solely on the basis of maximizing profits. For example, SOZ REIT may be required to make distributions to Shareholders at disadvantageous times or when SOZ REIT does not have funds readily available for distribution.

To qualify as a REIT, at the end of each calendar quarter, at least 75% of the value of SOZ REIT's assets must consist of cash, cash items, government securities and/or qualified real estate assets. The remainder of SOZ REIT's investments in securities (other than qualified real estate assets and government securities) generally cannot include more than 10% of the voting securities (other than securities that qualify for the straight debt safe harbor) of any one issuer or more than 10% of the value of the outstanding securities of more than any one issuer unless SOZ REIT and the issuer jointly elect for the issuer to be treated as a "taxable REIT subsidiary" under the Code. Debt will generally meet the "straight debt" safe harbor if the debt is a written unconditional promise to pay on demand or on a specified date a certain sum of money, the debt is not convertible, directly or indirectly, into stock, and the interest rate and the interest payment dates of the debt are not contingent on the profits, the borrower's discretion, or similar factors. Additionally, no more than 5% of the value of SOZ REIT's assets (other than government securities and qualified real estate assets) can consist of the securities of any one issuer, and no more than 20% of the value of SOZ REIT's assets may be represented by securities of one or more taxable REIT subsidiaries. If SOZ REIT fails to comply with these requirements at the end of any calendar quarter, SOZ REIT must dispose of a portion of assets within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions in order to avoid losing REIT qualification and suffering adverse tax consequences. In order to satisfy these requirements and maintain qualification as a REIT, SOZ REIT may be forced to liquidate assets or not make otherwise attractive acquisitions. These actions could have the effect of reducing SOZ REIT's income and amounts available for distribution to the Shareholders.

Tax Liabilities May Reduce the Cash Available for Distributions to Shareholders

Even if SOZ REIT qualifies for and maintains REIT status, SOZ REIT may become subject to U.S. federal income taxes and potentially state and local taxes. For example, net income from the sale of properties that are "dealer" properties sold by a REIT (a "prohibited transaction" under the Code) will be subject to a 100% tax. SOZ REIT may not make sufficient distributions to avoid excise taxes applicable to REITs. Similarly, if SOZ REIT were to fail an income test (and did not lose REIT status because the failure was due to reasonable cause and not willful neglect), SOZ REIT would be subject to tax on the income that does not meet the income test requirements. SOZ REIT also may decide to retain net capital gain earned from the sale or other disposition of investments and pay income tax directly on the income. In that event, SOZ REIT's investors would be treated as if they earned that income and paid the tax on it directly. SOZ REIT may also be subject to state and local taxes on Company income or property, including franchise, payroll, mortgage recording and transfer taxes, either directly or at the level of the other companies through which SOZ REIT indirectly owns assets. Any taxes SOZ REIT pays directly or indirectly will reduce the cash available for distribution to Shareholders.

Annex I - Risks Related to the Uncertainty of and Compliance with the QOF Rules (cont.)

The Board is Authorized to Revoke SOZ REIT's REIT Election Without Shareholder Approval

The Fund's Charter authorizes the Board to revoke or otherwise terminate SOZ REIT's REIT election, without the approval of Fund Shareholders, if it determines that it is no longer in SOZ REIT's best interests to qualify as a REIT. The Board has duties to SOZ REIT and could only cause such changes in SOZ REIT's tax treatment if it determines in good faith that the changes are in the best interest of SOZ REIT. In this event, SOZ REIT would become subject to U.S. federal, state and local income tax on SOZ REIT's taxable income and SOZ REIT would no longer be required to distribute most of SOZ REIT's net income to Fund Shareholders, which may cause a reduction in the total return to Fund Shareholders.

Generally, Ordinary Dividends Payable by REITs Do Not Qualify for Reduced U.S. Federal Income Tax Rates

Currently, the maximum tax rate applicable to "qualified dividend income" payable to certain non-corporate U.S. shareholders is 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rate. The more favorable rates applicable to regular corporate qualified dividends could cause certain non-corporate investors to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including SOZ REIT's Shares. However, under the TCJA, commencing with taxable years beginning on or after January 1, 2018 and continuing through 2025, individual taxpayers may be entitled to claim a deduction in determining their taxable income of 20% of ordinary REIT dividends (dividends other than capital gain dividends and dividends attributable to qualified dividend income received by SOZ REIT, if any), which temporarily reduces the effective tax rate on these dividends. Fund Shareholders are urged to consult tax advisers regarding the effect of this change on the effective tax rate with respect to REIT dividends.

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